Federal Student Aid
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Comparing Federal and Private Student Loans
Need a loan to help pay for college? Consider a federal loan first!

<table>
<thead>
<tr>
<th>Federal</th>
<th>vs.</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>You will not have to start repaying your federal student loans until you graduate, leave school, or change your enrollment status to less than half-time.</td>
<td><strong>1</strong> Repayment</td>
<td>Many private student loans require payments while you are still in school.</td>
</tr>
<tr>
<td>The interest rate is fixed and is often lower than private loans—and much lower than some credit card interest rates.</td>
<td><strong>2</strong> Interest Rates</td>
<td>Private student loans can have variable interest rates, some greater than 18%. A variable rate may substantially increase the total amount you repay.</td>
</tr>
<tr>
<td>Undergraduate students with financial need will likely qualify for a subsidized loan where the government pays the interest while you are in school on at least a half-time basis.</td>
<td><strong>3</strong> Subsidized Loans</td>
<td>Private student loans are not subsidized. No one pays the interest on your loan but you.</td>
</tr>
<tr>
<td>You don’t need to get a credit check for most federal student loans (except for PLUS loans). Federal student loans can help you establish a good credit record.</td>
<td><strong>4</strong> Credit</td>
<td>Private student loans may require an established credit record. The cost of a private student loan will depend on your credit score and other factors.</td>
</tr>
<tr>
<td>You won’t need a cosigner to get a federal student loan in most cases.</td>
<td><strong>5</strong> Cosigner</td>
<td>You may need a cosigner.</td>
</tr>
<tr>
<td>Interest may be tax deductible.</td>
<td><strong>6</strong> Tax Deduction</td>
<td>Interest may not be tax deductible.</td>
</tr>
<tr>
<td>If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.</td>
<td><strong>7</strong> Payment Options</td>
<td>Private student loans may not offer forbearance or deferment options.</td>
</tr>
<tr>
<td>There are several repayment plans, including options to tie your monthly payment to your income.</td>
<td><strong>8</strong> Repayment Plans</td>
<td>You should check with your lender to find out about your repayment options.</td>
</tr>
<tr>
<td>There is no prepayment penalty fee.</td>
<td><strong>9</strong> Penalty Fee</td>
<td>You need to make sure there are no prepayment penalty fees.</td>
</tr>
<tr>
<td>You may be eligible to have some portion of your loans forgiven if you work in public service.</td>
<td><strong>10</strong> Loan Forgiveness</td>
<td>It is unlikely that your lender will offer a loan forgiveness program.</td>
</tr>
<tr>
<td>Free help is available at 1-800-4-FED-AID and on StudentAid.gov.</td>
<td><strong>11</strong> Assistance</td>
<td>The Consumer Financial Protection Bureau’s private student loan ombudsman (<a href="http://www.consumerfinance.gov">www.consumerfinance.gov</a>) may be able to assist you if you have concerns about your private student loan.</td>
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**Comparing Federal and Private Student Loans**

**Federal**
- You will not have to start repaying your federal student loans until you graduate, leave school, or change your enrollment status to less than half-time.
- The interest rate is fixed and is often lower than private loans—and much lower than some credit card interest rates.
- Undergraduate students with financial need will likely qualify for a subsidized loan where the government pays the interest while you are in school on at least a half-time basis.
- You don’t need to get a credit check for most federal student loans (except for PLUS loans). Federal student loans can help you establish a good credit record.
- You won’t need a cosigner to get a federal student loan in most cases.
- Interest may be tax deductible.
- If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.
- There are several repayment plans, including options to tie your monthly payment to your income.
- There is no prepayment penalty fee.
- You may be eligible to have some portion of your loans forgiven if you work in public service.
- Free help is available at 1-800-4-FED-AID and on StudentAid.gov.

**Private**
- Many private student loans require payments while you are still in school.
- Private student loans can have variable interest rates, some greater than 18%. A variable rate may substantially increase the total amount you repay.
- Private student loans are not subsidized. No one pays the interest on your loan but you.
- Private student loans may require an established credit record. The cost of a private student loan will depend on your credit score and other factors.
- You may need a cosigner.
- Interest may not be tax deductible.
- Private student loans may not offer forbearance or deferment options.
- You should check with your lender to find out about your repayment options.
- You need to make sure there are no prepayment penalty fees.
- It is unlikely that your lender will offer a loan forgiveness program.
- The Consumer Financial Protection Bureau’s private student loan ombudsman (www.consumerfinance.gov) may be able to assist you if you have concerns about your private student loan.

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A OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

StudentAid.gov