

Weighing your options

Consider the following information when choosing the undergraduate college financing that's right for you.

Federal Direct PLUS Loan for Parents¹

Private education loans²

(Student loans and parent loans)

Who is responsible for repaying?



The parent

and endorser (if applicable)



Student loan:

The student

and a cosigner (if applicable)



Parent Loan:

A creditworthy adult

(parent or other individual)

Are there differences in enrollment requirements?

Requires at least half-time enrollment.

Varies by lender; some lenders allow less than half-time enrollment.

Is a credit check required?

Yes, parents with an adverse credit history may obtain an endorser or meet additional requirements to qualify.

Yes, approval for a private loan is generally based on creditworthiness of the borrower and cosigner (if applicable). Other factors may also be considered.

Are there differences in interest rates?

Fixed

Interest rate

7.08%

All Academic Year 2019-20 loans

Fixed or Variable

Interest rates

Many lenders offer both variable and fixed interest rates.

Student loan interest rates can start from 4.24% to 13.49% for variable and range from 5.25% to 14.29% for fixed.

Parent loan interest rates can start from 5.45% to 12.74% for variable and range from 5.74% to 12.99% for fixed.

Are there disbursement fees?

4.248%

for loans first disbursed on or after October 1, 2018 and before October 1, 2019.

0%

Offered by most lenders, but can vary.

Additional financing resources

There are other resources that families might use to pay for college. It's helpful to weigh the pros and cons of these options before tapping into them. You may find that the best choice is using one or more of these, such as payment plans, with a combination of affordable federal and private loans.

Tuition payment plans³

 Allows families to spread out the payment of their tuition bill over the full academic year.

 Can provide an interest-free funding option.

 Some plans have fees or other charges.

 You may incur penalties if you fall behind on your payments.

Home equity lines of credit

 Easy access if equity is available.

 May provide a lower interest rate.

 Closing costs may apply.

 Immediate repayment may be required if selling your home.

Long-term investments (mutual funds, stocks, bonds, etc.)

 Easy access if available.

 Do not have to be paid back.

 Investments could be sold at a loss.

 Loss of future investment growth.

Retirement accounts

 May have the option to take out a loan or withdraw funds from your 401(k) plan.

 No credit check and easy access.

 Early withdrawals may have tax consequences. Consult a tax advisor.

 Lost investment growth for retirement.

For degree-granting institutions only
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¹ Federal student loan rate information is based on a May 25, 2019 Electronic Announcement from Federal Student Aid, an office of the U.S. Department of Education. Other federal student loan information was gathered on May 28, 2019 from studentaid.ed.gov.

² Private loan information is based on a April 30, 2019 review of national private loan programs offered by publicly-traded companies or subsidiaries thereof. Interest rates are valid as of April 30, 2019. Private loans that have variable rates may go up or down based on the changes of an underlying interest rate index.

³ This information was gathered on April 12, 2019 from <http://www.finaid.org/otheraid/tuition.phtml>

Explore federal loans and compare to ensure you understand the terms and features. Private education loans that have variable rates may increase over the life of the loan. Federal student loans are required by law to provide a range of flexible repayment options, including, but not limited to, income-based repayment and income-contingent repayment plans, and loan forgiveness and deferment benefits, which other student loans are not required to provide. Federal loans generally have origination fees, but are available to students regardless of income.

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