



Payment options guide

To help pay for your student's education

You've used college savings and even scholarships, grants, and federal loans—but you still need more money to pay for college. Let's take a look at some other options you might want to consider. Remember, you can use any combination of these options.



Learn more about Sallie Mae® loan options at:
salliemae.com/parentoptions

Private student or parent loan

Benefit

You can take out a Parent Loan yourself to ease the financial pressure on your student, or cosign a Smart Option Student Loan®, which may give them a better chance of approval.

Consideration

Private student loans and private parent loans are subject to credit approval.

Tuition payment plan

Benefit

This option is offered by the school and lets you pay a tuition bill in several installments. While the other options accrue interest, this option typically does not accrue interest, which may result in a lower total cost.

Consideration

Some plans have fees or other charges. You may incur penalties if you fall behind on your payments.

Credit card

Benefit

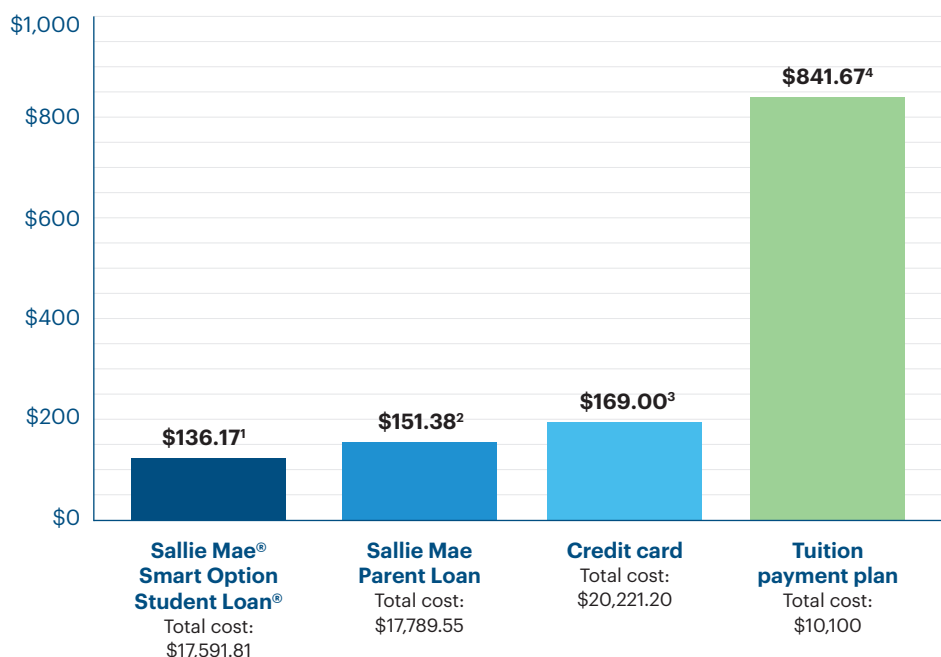
Paying for tuition with a credit card can be quick and easy.

Consideration

The average interest rate is around 16%, which is higher than other financing options. Plus, your school may charge you a fee of 2.5% to 3% for paying with a credit card.

Sample monthly payment by option

Amount borrowed: \$10,000



Other borrowing options

Home equity loan

Benefit: You can use the equity of your home as collateral for the loan; the average HELOC (Home Equity Line of Credit) interest rate is 4.10%.
Consideration: If you default on your home equity loan, you could risk losing your home.

401(k)

Benefit: You have a resource where you can access funds (albeit with a penalty).
Consideration: Most financial experts don't recommend using money from your 401(k) because it is generally easier to borrow for education than it is for retirement.



Borrow responsibly

We encourage students and families to start with savings, grants, scholarships, and federal student loans to pay for college. Students and families should evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.

Explore federal loans and compare to make sure you understand the terms and features. Sallie Mae loans that have variable rates can go up 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.

These loans are for eligible expenses at participating degree-granting schools. Smart Option Student Loan information is for undergraduate students only. The school may refund Parent Loan funds directly to the student; if that occurs, the borrower and cosigner (if applicable) would still be responsible for repaying that amount. Applications are subject to a requested minimum loan amount of \$1,000. Current credit and other eligibility criteria apply.

Loan amount cannot exceed the cost of attendance less financial aid received, as certified by the school. Sallie Mae reserves the right to approve a lower loan amount than the school-certified amount.

¹ Examples of typical transactions for a \$10,000 Smart Option Student Loan with the most common variable rate, fixed repayment option, 6-month separation period, and two disbursements: For a borrower with no prior loans and a 4-year in-school period, it works out to a 6.88% APR, 51 payments of \$25.00, 119 payments of \$136.17 and one payment of \$112.58, for a Total Loan Cost of \$17,591.81. For a borrower with \$20,000 in prior loans and a 2-year in-school period, it works out to a 7.06% APR, 27 payments of \$25.00, 179 payments of \$98.17 and one payment of \$66.85 for a total loan cost of \$18,314.28. Loans that are subject to a \$50 minimum principal and interest payment amount may receive a loan term that is less than 10 years. Variable rates may increase over the life of the loan.

² Example of a typical transaction for a \$10,000 Parent Loan with the most common variable rate, principal and interest repayment option, 48-month in-school period, and two disbursements. It works out to 12.99% variable APR, 4 payments of \$75.05, 115 payments of \$151.38 and one payment of \$80.65 for a total loan cost of \$17,789.55. Loans that are subject to a \$50 minimum principal and interest payment amount may receive a loan term that is less than 10 years. Variable rates may increase over the life of the loan.

³ The credit card sample monthly payment amount is the estimated monthly payment amount required to repay in full a \$10,000 credit card balance over a 120-month period, assuming fixed monthly payments, a 16.16% interest rate, and no additional purchases or other amounts added to the balance. The national average credit card interest rate as reported on [creditcards.com](https://www.creditcards.com) was 16.16% as of 07/22/2021.

⁴ Based on a representative example of a college tuition payment plan; \$10,000 plus a \$100 application fee, and 0% interest works out to a total amount of \$10,100. When financed over twelve months the payments are \$841.67.

Sallie Mae loans are made by Sallie Mae Bank.

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