

# Weighing your options

Compare this information as you decide how to pay for graduate school.

## Federal Direct Graduate PLUS Loan<sup>1</sup>

## Private student loan<sup>2</sup>

### Who is responsible for repaying the loan?

**The student**  
*and endorser (if applicable)*

**The student**  
*and a cosigner (if applicable)*

### Are there differences in enrollment requirements?

Student must be enrolled at least half time

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

### Is a credit check required?

Yes, applicants 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**  
7.54% for academic year 2022-23 loans

**Fixed or variable interest rates**  
Many lenders offer both variable and fixed interest rates.

Interest rates for graduate students start from 1.84% to 12.50% for variable and range from 3.49% to 13.99% for fixed.

### Are there disbursement fees?

**4.228%**  
for loans first disbursed on or after October 1, 2020 and before October 1, 2022

**0%**  
Offered by most lenders, but can vary.

# Things to consider

The more options you have to pay for graduate school, the better. By weighing the features of each, you can find the best option for you.

- **Lower rate.** Highly qualified applicants may be better served by exploring private education loans, which may offer lower rates than Federal Direct Grad PLUS loans.
- **Payment flexibility.** Federal loan programs offer solutions that let borrowers extend their term or base their payments on income. Many private education loans offer flexibility for making payments as well. Do your research to see which programs best suit your needs, as some options may increase the cost of the loan.
- **Save money.** With federal or private loans, consider making interest payments while in school to help you save money and avoid unpaid interest being added to your loan's principal amount.
- **Credit cards.** Credit cards are not designed specifically for education financing and may be the more expensive and less flexible option, compared to a student loan.
- **Financing options.** The best choice for financing a graduate education may be a combination of federal and private education loans.

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<sup>1</sup> Federal loan rate and fee information is provided by Federal Student Aid, an Office of the U.S. Department of Education.

<sup>2</sup> Private loan information is based on a June 7, 2022 review of national private loan programs offered by Sallie Mae and its publicly-traded competitors. Variable rates may increase over the life of the loan.

Explore federal loans and compare to make sure you understand the terms and features. Private student 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.

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