

# STUDENT LOAN OPTIONS

If you're applying for a student loan, there are several public and private options to consider.



**NEARLY 70% OF COLLEGE STUDENTS TAKE OUT SOME FORM OF STUDENT LOAN. IT'S NO WONDER: WITH COLLEGE COSTS EXCEEDING \$70,000 ANNUALLY AT SOME PRIVATE COLLEGES, THE COST OF HIGHER EDUCATION IS PROHIBITIVE FOR MOST.**

So, if you (or your child) are heading off to college soon, consider various student loan options which can help support your educational dream.

## **Public vs. private**

Loan application processes vary depending on whether you're applying for a private or public (government) loan.

**Public:** If you're applying for a federal student loan, start by completing the Free Application for Federal Student Aid (FAFSA), which begins the loan application process.

Once you file the FAFSA, you'll be able to determine the size of the loan that you are eligible for. Keep in mind that you'll need to complete a FAFSA for each year that you're applying for a loan.

Submissions begin October 1 each year, and there is an advantage to filing early, as some grant money is awarded on a first-come, first-served basis.

Finally, once your application is complete and has been filed correctly, you'll receive a notice of a financial loan offer, which details your eligibility amount.

To accept an offer, you must sign and return it. Some loans may require you to undergo counseling at your college or university, where they will address your loan obligations.

Finally, you'll sign a Master Promissory Note that agrees to the loan terms.

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**Private:** Private student loans are handled by banks and other financial institutions, requiring that you apply directly to them for assistance.

In most instances, begin by visiting the lender's website and reviewing the loan terms (interest rates vary), including the repayment options.

If the terms are agreeable, apply for the loan directly on the lender's website, choosing your repayment option and interest rate type (for instance, fixed vs. adjustable rate). In many instances, the application process is straightforward, taking just 15 minutes to apply.

If you have poor or nonexistent credit, you may need to add a cosigner to your application to improve your chances of securing a loan.

Once your application is complete, the lender will review your credit and notify you of their decision.

If the lender extends an offer to you, you (and your cosigner, if applicable) can accept the loan terms and sign your acceptance electronically.

Next, your college or university must certify your eligibility, confirming your loan request and verifying your enrollment.

**Legal Eagle:** Understand that all student loans are legal agreements. If you accept a public or private loan, you are legally committed to repay it, along with the interest specified in the loan agreement.

**Repaying Your Loan:** Once you complete your studies, you have a six-month grace period to begin making principal and interest payments on a federal student loan.

The same grace period generally applies to private student loans.

Since a student loan carries with it significant financial obligations, you may find it helpful to consult with a financial professional to determine a strategy that aligns with your personal circumstances.

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