

Federal vs. Private Student Aid

| Federal Student Loans | Private Student Loans |
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| You will not have to start repaying your federal student loans until after you graduate, leave school, or change your enrollment status to less than half-time. | Many private student loans require payments while you are still in school. |
| The interest rate is fixed and is often lower than private loans. | Private student loans can have variable or fixed interest rates, which may be substantially higher or lower than the rates on federal loans. |
| Students with financial need will likely qualify for a subsidized loan, for which the government pays the interest while you're in school. | Private student loans are often not subsidized. No one pays the interest on your loan but you. |
| 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. | 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 won't need a cosigner to get a federal student loan in most cases. | You may need a cosigner. |
| Interest may be tax deductible. | Interest may be tax deductible. |
| Loans can be consolidated into a Direct Consolidation Loan. | Private student loans cannot be consolidated into a Direct Consolidation Loan. |
| If you are having trouble repaying your loan, you may be able to temporarily postpone or reduce payments. | Private student loans may not offer forbearance or deferment options. |
| There are several repayment plans, including an option to tie your monthly payment to your income. | You should check with your loan servicer to find out about repayment options. |
| There is no prepayment penalty fee. | There may be prepayment penalty fees. |
| You may be eligible to have some portion of your loans forgiven if you work in public service. | It is unlikely that your lender will offer a loan forgiveness program. |
| Free help is available at 1-800-4-FED-AID and on the Federal Student Aid website. | The Consumer Financial Protection Bureau may be able to assist you if you have concerns about your private student loan. |