

## Federal PLUS Loans & Private Loans Comparison (2022)

If you're considering whether to finance your child's education with a Federal Parent PLUS Loan or private student loan, review the summary of the features and benefits for each type of loan before you make a financing decision.

### Federal PLUS Loans for Parents

1. Parent's name is on the loan.
2. No cosigner is required. If a parent has an adverse credit history, an endorser may be required.
3. No cosigner/parent release option. The parent, and any endorser, is making a commitment to repay the loan for the life of the loan.
4. Fixed rate of 7.54% therefore a poor credit score will not result in a higher interest rate. [Rates change annually](#).
5. Origination/disbursement fee is 4.23%. Fees may change annually. [Loan origination fee information](#).
6. Reduction of interest rate by 0.25% for automatic debit enrollment
7. Provide a 10-25-year repayment period.
8. Minimum loan amount of \$100 per semester.
9. Maximum loan amount is 100% of the cost of attendance minus other financial aid received.
10. Credit check required. Parent and student must not be in default on a federal loan or 180 days or more delinquent on any debt.
11. Student must be in attendance at least half time (6 credits per semester) in an undergraduate program.
12. Apply online through the [U.S. Department of Education](#).
13. [The Free Application for Federal Student Aid \(FAFSA\)](#) is required. In addition, some states/colleges require additional forms or applications for aid.
14. PLUS loan payments can be deferred while the student is enrolled at least half-time in school (interest continues to accrue).
15. Loan may be forgiven if the primary borrower or student beneficiary dies, or if the primary borrower becomes permanently and totally disabled.
16. Parents may consolidate with other federal loans in their name (not the student's).
17. If a parent applies for a PLUS loan and is denied, the student is eligible for additional unsubsidized Direct loan funds.
18. PLUS loans are eligible for graduated and extended repayment options, federal consolidation, and some public service loan forgiveness options.
19. Interest may be tax deductible for the parent.

### Private Loans for Students

1. Student and cosigner's name is on the loan.
2. Credit check required. Loan approval and pricing is generally based on the applicant's creditworthiness.
3. No cosigner is required but having a creditworthy cosigner can help borrowers qualify and obtain a better interest rate.
4. Many lenders provide a cosigner release option where the student can apply to release the cosigner after he or she graduates and makes a specified number of on-time payments.
5. Many lenders offer both variable (paying off quickly) and fixed rate options. Interest rates range from 2.25% – 13.99%. Private loans may offer lower rates than federal PLUS loans for well-qualified applicants.
6. Origination/disbursement fee varies from 0% to 5%.
7. Most lenders offer a 0.25% percentage point interest rate reduction for automatic debit enrollment. Additional benefits vary by lender.
8. Repayment period varies by lender. Typically, 5-20-year terms are offered.
9. Minimum loan amount varies by lender, but ranges from \$1,000-\$1,500.
10. Maximum loan amount is 100% of the cost of attendance minus financial aid. Some lenders may impose limits based on various factors and can have different loan limits for various loan programs.
11. Enrollment status (# of enrolled credits) requirement varies by lender. Some offer loans to borrowers who are attending school less than half time (less than 6 credits during the semester).
12. The loan application is online with your chosen lender.
13. Families are not required to complete the FAFSA unless it is the policy of the school.
14. Payment requirements while the student is in school varies by lender. Many lenders allow private loan payments to be deferred while in school (interest accrues during this time). Many lenders offer options to make interest payments while in school.
15. Loan forgiveness varies by lender. Some lenders waive the remaining balance in the event of the primary borrower's death or permanent and total disability
16. Cannot be consolidated with federal student loans.
17. If denied, student can apply with another private lender or re-apply with a cosigner or a different cosigner.
18. Most lenders have programs available to assist troubled borrowers, but they are discretionary and not part of the loan agreement.
19. Generally, interest is tax deductible.