

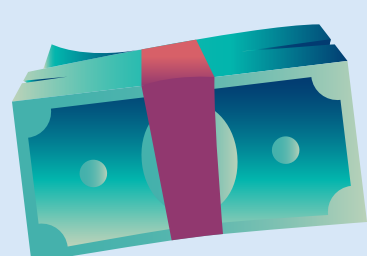
What to know before taking out student loans

Know your options for paying for your (or your child's) education

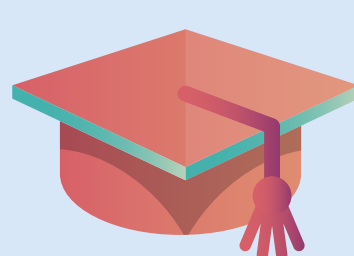
More than 42 million students graduate from four-year colleges with some form of debt.¹ The majority of students rely on federal loans, but when they need more financial help, they turn to private loans (think: consumer loans that can be used for education).¹ Even though taking out federal and/or private student loans is a popular option, it's not the only option.



Student loan debt landscape²



\$1.44 trillion
Total U.S. student loan debt



44.2 million
Americans with student loan debt



\$351
Average monthly student loan payment (for borrowers 20 to 30 years old)

Federal vs. private student loans

Federal Student Loans	Private Student Loans
are funded by the federal government	are nonfederal student loans made by a lender such as a bank, credit union, state agency or a school
In fall 2016, 21 million students were enrolled in colleges and universities, 8 million of whom have federal student loans. Students took out \$136.3 billion in loans—roughly \$17,040 per student. ³	Private student loans peaked in 2008 reaching \$18.1 billion but fell to \$7.8 billion in 2015. ³
Federal Student Loans ⁴	Private Student Loans ⁴
You will not have to start repaying your loans until you graduate, leave school or change your enrollment status to less than half time	Many private student loans offer the option to make payments while you're still in school, but it is not required
Interest rates are typically fixed and may be lower than interest rates for private student loans	Private loans can have fixed or variable interest rates
You won't need a co-signer (in most cases), but there is a max amount per year that can be taken out	You may need a co-signer
Interest may be tax deductible	Interest may be tax deductible
If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments	Limited forbearance and deferment options. Deferment options vary by lender and loan program.
There are several repayment plans, including an option to tie your monthly payment to your income	Repayment plans may be limited

Breaking down types of Federal Loans³

Direct Stafford and Perkins Loans* (federal loans given directly to the student)

- › Funded with government money
- › Low interest rates and favorable repayment options
- › Require a limited credit check or collateral
- › Can be consolidated upon graduation
 - Subsidized: While you are in college, the federal government pays the loan's interest. You aren't responsible for paying the interest back.
 - Unsubsidized: As soon as the loan is taken out, interest begins accruing. It is added to the balance of your loan that you must pay back.

*This program may expire September 30, 2017

Direct PLUS Loans (initially called Parent Loans for Undergraduate Students)

- › Created so parents could help fund their children's education(s)
- › Parents may take out Parent PLUS loans
- › Graduate students may use Grad PLUS loans
- › No debt-to-income analysis performed, but a credit report is reviewed
- › May borrow up to the cost of attendance minus financial aid received

Direct Consolidation Loans

- › This can help simplify your repayment process (one payment to one servicer, once a month)
- › Private student loans cannot be included

Health Professions Student Loans

- › Dependent on a student's credit standing and area of study
- › Each loan has its own requirements about accepted areas of study and financial need.



Paying for college without student loans

It may take some work and a little research, but there are ways you may be able to pay for college without the stress of student debt.

1. Scholarships

- High schools typically have a lot of resources for students to learn about available scholarships. You can also check out these websites:
 1. Collegeboard.org
 2. Fastweb.com
 3. Niche.com

3. Attend a community college first

- Starting at a two-year community college and then transferring to a traditional four-year could help lower your costs over a four-year period

2. Choose a school that fits your financial needs

- Public schools are often less expensive than private
- Consider qualifying for in-state tuition at a state school
- Consider starting at a community college if you're unsure of your major, to get baseline courses out of the way

4. Federal Work-Study Program

- Student employment through a university can help you pay for college, so be sure to do your research and see what you can find.



¹"Student Loan Debt In 2017: A \$1.3 Trillion Crisis," Feb. 21, 2017, Forbes

²"A Look at the Shocking Student Loan Debt Statistics for 2017," July 11, 2017, Student Loan Hero

³"Types of Student Loans," 2017, Debt.org

⁴"Federal Versus Private Loans," 2017, Federal Student Aid