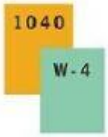
FEDERAL AND PRIVATE STUDENT LOANS

Directions: Study the image and write down in the box below some few things that you learned.

Federal		vs.		Private
You will not have to start repaying your federal student loans until you graduate, leave school, or change your enrollment status to less than half-time.		1 Repayment		Many private student loans require payments while you are still in school.
The interest rate is fixed and is often lower than private loans—and much lower than some credit card interest rates.		2 Interest Rates		Private student loans can have variable interest rates, some greater than 18%. A variable rate may substantially increase the total amount you repay.
Undergraduate students with financial need will likely qualify for a subsidized loan where the government pays the interest while you are in school on at least a half-time basis.		3 Subsidized Loans		Private student loans are 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.		4 Credit		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.		5 Cosigner		You may need a cosigner.
Interest may be tax deductible.		6 Tax Deduction		Interest may not be tax deductible.
If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.		7 Payment Options		Private student loans may not offer forbearance or deferment options.

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There are several repayment plans, including options to tie your monthly payment to your income.

8 Repayment Plans

You should check with your lender to find out about your repayment options.

There is no prepayment penalty fee.

9 Penalty Fee

You need to make sure there are no prepayment penalty fees.

You may be eligible to have some portion of your loans forgiven if you work in public service.

10 Loan Forgiveness

It is unlikely that your lender will offer a loan forgiveness program.

Free help is available at 1-800-4-FED-AID and on StudentAid.gov.

11 Assistance

The Consumer Financial Protection Bureau's private student loan ombudsman (www.consumerfinance.gov) may be able to assist you if you have concerns about your private student loan.

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StudentAid.gov

Image source: "Comparing Federal and Private Student Loans." *University of Northern Colorado*, 16 April 2018, www.unco.edu/inside-unc/student-support/comparing-federal-and-private-student-loans.aspx

What I Learned

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