

COLLEGE LOANS

Student Loan Interest Rates: What It Means For You

(NAPSA)—Recently, interest rates on federally guaranteed student loans were reset to the fourth lowest since the start of the federal student loan program. Students will have the opportunity to borrow at approximately five percent, slightly lower if they are still in school and slightly higher if they are out of school.

Federal student loans remain the most economical way to finance a college education, helping millions of students and families each year close the gap between available resources and the cost of education. And, given the increase in college tuition and the reduced purchasing power of Pell Grants, more and more students are relying on federal loans to achieve their college dreams. Moreover, when compared to home equity loans, personal loans or credit cards, student loans lead the pack in terms of affordability.

“A higher education is accessible and affordable,” says Martha Holler, Sallie Mae spokesperson. “Student loans are the most economical way to finance a higher education, although students and families should first explore and exhaust the ‘free money’ options for paying for college.”

Student loans offer a number of other benefits, as well, including flexible repayment plans, deferment and forbearance options and tax deductions. Additionally, many lenders, including Sallie Mae, provide special interest rate discounts for borrowers who demonstrate good repayment behavior.



STUDENT LOANS get high grades as an economical way to finance a college education.

Like any investment, paying for a college education requires foresight and careful planning. But unlike some investments, a college degree pays a lifetime of dividends. Students who graduate from college will add, on average, well over \$1 million to their earnings' potential. Moreover, students who finance a college education via student loans are all that more likely to graduate than those who did not take out a student loan. According to the American Council on Education, 50 percent of students who took out student loans in their freshman year were still enrolled in a four-year institution after three years, while only 32 percent of students without student loans were still enrolled.

“A higher education is an investment in your future,” says Holler. “And the value of your college education will only appreciate over the years, providing a lifetime of returns.”

For more information, visit Sallie Mae's CollegeAnswer.com Web site at www.collegeanswer.com.