MANAGING YOUR MONEY $

Bridging The College Affordability Gap

(NAPSA)—If college is costing more than you thought it would, you're not alone.

This year, nearly six million undergraduate students will require approximately $90 billion in financial aid to meet the skyrocketing costs of college. With shrinking school scholarship and financial aid budgets, the bulk of this aid—54 percent—will be in the form of student loans, with more than half a million students and their parents relying on Federal Parent Loans for Undergraduate Students (PLUS Loans) to pay for school.

"Whether you're Bill Gates or someone who pays bills late, you can easily qualify for a PLUS loan to pay up to 100 percent of the cost of school, from tuition, room and board to computers, books and even your trips home for the holidays," says Mike O'Brien, CEO of FinancialAid.com, a leading higher education finance firm. "And, with interest rates as low as 2.22 percent, PLUS loans are the next best thing to receiving scholarships and grants."

Families are turning to PLUS loans to pay for school for a variety of reasons:

• Unlike scholarships or grants, PLUS loans are not need-based.

• PLUS loans have easy credit requirements—nearly everyone qualifies.

• Parents can borrow up to 100 percent of the estimated cost of their student's college attendance, including tuition, room and board, books, travel and other expenses —minus any other financial aid awarded to the student.

• Parents can borrow funds retroactively to cover educational costs they've already incurred for the current school year.

As the college affordability gap grows, more parents are exploring the option of PLUS loans.

• PLUS loan interest is tax deductible for many families

• Historically low interest rates, which can be further reduced with borrower benefits offered at www.FinancialAid.com.

According to O'Brien, PLUS loans also are a smarter college funding choice than home equity loans because they minimize financial risk for families in several ways:

• PLUS loan payments may be deferred if the borrower is unable to make loan payments due to job loss, illness or worse. A home equity loan does not offer these options and puts your family's home at risk in the event of financial hardship.

• The variable interest rate on a PLUS loan is capped at 9 percent for the life of the loan, whereas the rate on a home equity loan will rise with the market and is not capped at 9 percent—an important consideration as interest rates tick upward.

For more information about financial aid and to apply for PLUS and other student loans, visit www.financialaid.com or call 888.868.1391.