

Paying for College

Find The Right Student Loan For You

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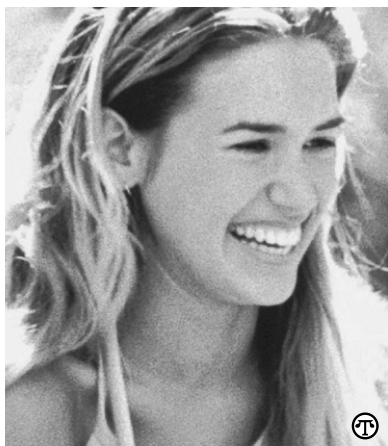
(NAPSA)—If you're a parent whose child is close to college age, you've probably worried about rising tuition and discovered it will be necessary to take out loans for your child's educational expenses. There are many options to choose and it can be difficult to determine which loan is best. Students must complete the Free Application for Federal Student Aid (FAFSA) to be considered for federal aid, which includes grants, student employment, and loans. Apply through FAFSA at www.fafsa.ed.gov.

The two most common types of loans are federal and private. Under the federal loan umbrella are: Stafford loans, Federal PLUS (Parent Loans for Undergraduate Students) and Perkins loans. The popular Stafford loans, are low-interest and government-guaranteed. Students may postpone repayment until graduation. Both subsidized (need-based) and unsubsidized (non-need-based) loans are offered.

PLUS loans allow parents of dependent undergraduate students (in school at least half time) to borrow federally guaranteed money at a low interest rate for their child's education. These loans are great for parents who don't qualify for need-based financial aid, but can't afford to pay for all the college expenses.

Perkins loans are subsidized, low-interest (five percent) loans for students with exceptional financial need. They have a fixed interest rate, flexible repayment terms, no fees and deferment options.

Private or Alternative Loans help if you don't qualify for federal loans. These loans may be



obtained from schools, banks and education loan organizations. Terms will usually vary as they are based on credit history. Since the federal government does not guarantee private loans, lenders assume a greater risk and may charge higher interest rates and fees.

You should first determine if your child qualifies for a subsidized Stafford loan and a Perkins loan. To cover any remaining lack of funds, students can apply for the unsubsidized loan and private loans. Parents of dependent undergraduate students can apply for the PLUS loan.

Parents also have other options, such as home equity loans, lines of credit and borrowing from retirement funds. Regardless of which option you choose, always consider using up any remaining unsubsidized Stafford loan eligibility before tapping into other loans.

Additional information regarding loans and application processes may be found at www.nelnet.net (National Education Loan Network). With over 25 years of experience in student lending, Nelnet provides comprehensive services for students, parents and schools.