

Choosing The Right Student Loan

(NAPSA)—When it comes to college, what types of student loans are right for you?

Borrowing for college is a long-term investment, one that will ultimately pay a lifetime of dividends. It is important, however, to educate yourself on the options available to you so that you do not end up down the road with more education expense than you planned for.

Federal loans are the largest source of education loans. While these loans typically have borrowing limits, they offer the most attractive terms—lower interest rates, the possibility of having interest subsidized by the federal government while the borrower is in school, the ability to postpone making payments, longer repayment terms and less stringent credit requirements.

Keep in mind, some lenders offer benefits in the form of fee or interest-rate reductions. Sallie Mae, for example, will pay the origination fee on a borrower's behalf for loans taken out next year. Zero origination fees provide students more money up front, so that students who borrow to pay for college have more money to cover education expenses, with each borrowed dollar directed toward education and not interest. On top of the zero origination fee benefit, borrowers may also be eligible for a variety of repayment-status borrower benefit programs, such as loan balance reductions for on-time payment.

Private loans are another funding option. Students and parents should always maximize federal loan offerings before investigating other forms of alternative funding.



Private loans are designed to supplement federal loan programs and are available from schools, banks and education loan organizations. The terms of these loans vary based on the lender and the credit history of the borrower or co-borrower.

"Students and parents should first check with the financial aid office on campus for recommendations on student loan providers," says Martha Holler, spokesperson for Sallie Mae, the nation's No. 1 paying-for-college company. "Be sure to borrow wisely. Every dollar that you do not borrow is one that does not have to be repaid."

Students can visit www.CollegeAnswer.com to learn more about college financing options. Also, Sallie Mae's "How to Pay for College: A Practical Guide for Families" offers additional insight on selecting a loan that is right for you. Developed with input from financial aid administrators, the book devotes several chapters on exploring student loan options and tips on successful repayment.

"Make sure you understand your rights and your responsibilities when borrowing," adds Holler. "Making educated decisions now will pay off in the long run."

Note to Editors: This article is one in a series of articles on college preparation and financing from Sallie Mae, the nation's No. 1 paying-for-college company.