

Federal Parent PLUS Loan vs Private Student Loans

	Federal Parent PLUS Loan	Private/Alternative Loans
Interest Rate	Fixed interest rate. PLUS loans allow you to lock in at a fixed interest rate of 7.9% for the life of the loan.	Variable interest rate. The interest rates are often tied to your credit history. Current interest rates range from 3.8% to 12%.
Fees	Low fees. Origination and federal default fees equaling 2.5% taken off at time of application.	Variable fees. Fees vary based on lender and loan type as well as credit history.
Loan Limits	Flexible loan amounts. You can borrow up to the total cost of attendance at your child's school, minus any other financial aid received. Funds can be used to help pay for tuition, room and board, books, and other education expenses.	Loan limits. The amount you can borrow depends on the maximum amounts established by the lender. Your credit history may limit the amount you can borrow.
Application Process	One-time process. Many schools have a quick and convenient online application process. You generally apply only once at the beginning of the program.	Re-apply each year. You generally must re-apply each year for additional private funds.
Credit Requirements	Credit check required. A credit check is required, but there are no debt-to-income requirements.	Credit check required. You must meet minimum income and debt-to-income ratio requirements in order to be eligible to borrow.
Repayment	Flexible repayment terms. In most cases, you will be expected to pay back your PLUS loan within ten years. You can request an in-school deferment as long as your child is attending at least half-time.	Limited repayment options. Repayment options and terms for private loans vary. Most lenders do not offer the same payment plans that are offered with the PLUS loan. Deferment and forbearance options are not always available.
Borrower	Parent	Student