Follow These Steps for College Funding

If you've exhausted free and cheap money for college costs and are still faced with funding gaps, you may be considering federal Parent PLUS or private student loans. Review the chart below to understand key differences.

1 **FREE Money** Scholarships and grants → 2 **CHEAP Funding** Federal Direct Subsidized & Unsubsidized student loans → 3 **GAP Funding** Federal Parent PLUS or private student loans

	Federal Parent PLUS Loan	VS Private or Alternative Loan
FAFSA Required	Yes	Recommended
Who is the lender?	U.S. Department of Education	Credit unions, banks, and other finance companies
Who can borrow?	Available to eligible parents of undergraduate students	Available to eligible borrowers – criteria varies by lender.
Who is the borrower?	The parent is the borrower.	The loan is in the student borrower's name, though a co-borrower may be needed to meet credit requirements.
Credit Check	Yes - Credit score and debt to income ratio are not considered, but borrower cannot have adverse credit history	Yes – Full credit check – credit score, employment, income and established credit considered
Interest rate/fees	Fixed interest rate, plus a loan fee added to all PLUS loans. View current rates on the Dept. of Education's website.	May be fixed or variable depending on the lender. Rates vary based on the lender and your credit profile.
Deferral while in school	Full repayment after borrowing; deferment or interest-only payments by request.	Some lenders require payments while attending school; others allow a deferment option.
Repayment Terms	Eligible for the following repayment plans*: • Standard Repayment Plan (10 years) • Graduated Repayment Plan (10 years) • Extended Repayment Plan (Up to 25 years but must meet certain criteria) • Additional options may be available under income-driven repayment plans	Check with your lender to find out about your repayment options. Private loans often have options for longer repayment terms. For example, your credit union's Student Choice line of credit has a repayment term of 10 years for fixed rates and 20 or 25 years based on loan balance for variable rates.
Loan Forgiveness	You may be eligible to have some portion of your loans forgiven if you work in public service.	Although many private lenders do not offer loan forgiveness programs, some student loans can be forgiven in certain circumstances.
Learn More	studentaid.gov	View more information on your credit union's Student Choice website.

Get help evaluating your student loan options. Our experts provide one-on-one advice via phone or email.

studentchoice.org/borrower-resources/ask-an-expert

**Borrowers with new loans made on or after July 1, 2026, can only be repaid using the new standard repayment plan or RAP.*

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