



COLLEGE PLANNING



Getting Savvy With Student Loans

(NAPSA)—When it comes to paying for college, a smorgasbord of funding resources are available. Under the Federal Family Education Loan Program (FFELP), banks, credit unions or schools lend money to students and parents. These federally guaranteed loans carry the most favorable rates and terms available.

The most common types of loans include Federal Stafford Loans (taken out by the student); and Federal Parent Loans for Undergraduate Students also called PLUS loans (taken out by the parent).

Sometimes, however, the borrowing limit on federal loans prevents students and parents from getting all the financing they need to cover the cost of college. Increasingly, students and parents turn to private loans to bridge the funding gap.

“Families should exhaust their federal loan options first, as they have the lowest rates and fees,” says Martha Holler, Sallie Mae spokesperson. “Private loans—often available through the same student loan provider—are the next best option and play a crucial role in making college happen for thousands of students each year.”

Private loans are not subsidized or guaranteed by the federal government. They are consumer loans made available from schools, banks and education loan organizations. Terms vary from lender to lender and interest rates and fees



are based on a borrower's credit history.

Sallie Mae's planning and paying for college Web site, CollegeAnswer.com, offers a number of tips and resources to help families understand federal and private loan packages, as well as what questions to consider:

- Can I apply for my loan online?
- Is collateral necessary to secure my loan?
- Do I need to draw a salary in order to qualify?
- How long does it take to process the loan?
- What about follow-up service once the loan is disbursed?
- How does consolidation work?

“Paying for college is easier than you think,” says Holler. “The key is to borrow only what you need, ask questions and find the best benefits and terms available.”

For more advice and information, students and parents can go to www.CollegeAnswer.com.