

Navigating The Student Loan Maze

(NAPSA)—It's a standard topic in newspapers, magazines and on television: rising college costs. On the upside is what the media often fails to mention—and that is financial aid has increased, as well. In fact, roughly two-thirds of today's students finance their college education with low-cost student loans.

Federal student loans, like those offered by Sallie Mae, the nation's leading provider of student loans, are the most common way for students and families to pay for college education. Available on both a financial need and non-need basis, federal student loans typically have borrowing limits, yet they offer attractive terms, says Martha Holler, Sallie Mae spokesperson. Interest rates are lower and subsidized in certain cases.

Students also have the option to postpone making payments, longer repayment terms and less stringent credit requirements, Holler says.

Depending on the lender, borrowers may be entitled to additional money-saving borrower benefits, including loan balance reductions for paying on time and reduced interest rates for signing up for automatic debit and making payments electronically.

PLUS Loans, a low-interest federally funded loan for credit-worthy parents of undergraduate, dependent students and graduates and professionals, is another



college-funding option. The PLUS Loan will cover the entire cost of education, including books and living expenses.

When federal loan programs are not enough to cover the cost of college, private loans can help. Private loans are designed to supplement federal loan programs and are available from schools, banks and education loan organizations. The terms of private loans vary based on the lender and the credit history of the borrower or co-borrower.

Sallie Mae's "How to Pay for College: A Practical Guide for Families" offers additional insight on selecting a student loan. Written in collaboration with financial aid administrators, the book devotes several chapters to student loan options, as well as tips on successful repayment.

"In almost every case, loans should be taken out only after students have fully exhausted all other options, such as grants and scholarships, that do not need to be repaid," Holler says.



Note to Editors: This article is one in a series of articles on college preparation and financing from Sallie Mae, the nation's leading provider of education funding and the largest consolidator of student loans.