

# Options for filling a financial gap

## Comparing the Federal Direct PLUS Loan for Parents, private student loans, and private parent loans

Many families pay for financing their undergraduate student's education with either a Federal Direct PLUS Loan for Parents or a private education loan. This comparison chart will help you understand the features and benefits of each type of loan. Interest rates and fees for private loans vary between lenders and are generally based on the credit of the individual borrower and cosigner; however, other factors may also be considered.

	Federal Direct PLUS Loan for Parents	Private Student Loans	Private Parent Loans
<b>rate</b>	For loans first disbursed on or after July 1, 2021 and before July 1, 2022, the interest rate is fixed at 6.28%.	Many lenders offer both variable and fixed interest rates. Interest rates for undergraduate students start from 1.15% to 12.25% for variable and range from 4.18% to 13.63% for fixed. Although lenders may consider multiple factors, rates are generally based on the borrower's and cosigner's creditworthiness, so those with good credit may qualify for a lower rate.	Most lenders offer a fixed interest rate. Fixed interest rates range from 4.55% to 13.99%. Some lenders may also offer variable rates. Variable interest rates start from 1.97% to 13.00%. Rates are generally based on the applicant's creditworthiness; other factors such as income and repayment term may also be considered.
<b>Origination/disbursement fees</b>	4.228% for loans first disbursed on or after October 1, 2020 and before October 1, 2022	Varies by lender; most offer 0%	Varies by lender; most offer 0%
<b>Minimum payment amount while the student is enrolled in school</b>	Loans will automatically be placed in principal and interest repayment. The borrower can request to defer PLUS loan payments while the student is in school and for six months after graduation, leaving school, or dropping below half-time enrollment (interest continues to accrue during this time and unpaid interest is added to the loan's principal amount when the deferment period ends).	Varies by lender. Many lenders allow private loan payments to be deferred while in school (interest accrues during this time and unpaid interest is added to the loan's principal amount when the deferment period ends). Many lenders offer options to make interest payments during the in-school period.	Varies by lender. Some lenders allow interest payments while in school. Others may offer or require immediate principal and interest repayment.

	<b>Federal Direct PLUS Loan for Parents<sup>1</sup></b>	<b>School-certified private student loan<sup>2</sup></b>	<b>Private parent loan<sup>2</sup></b>
<b>Repayment term</b>	10 – 25 years of principal and interest payments	Varies by lender; typically terms of 5 – 20 years of principal and interest payments are offered.	Varies by lender; typically terms of 5 – 15 years of principal and interest payments are offered.
<b>Payment flexibility</b>	PLUS loans for parents are eligible for multiple repayment plans including standard, graduated, and extended repayment options, federal consolidation, and some public service loan forgiveness options. See studentaid.gov for more information.	Varies by lender. Contact lender for their specific repayment options.	Varies by lender. Contact lender for their specific repayment options.
<b>Responsibility to pay</b>	Parent and endorser (if applicable)	Student and cosigner (if applicable)	Parent or other creditworthy adult
<b>Loan limits</b>	Up to 100% of the school-certified cost of attendance minus other financial aid received	Generally, up to 100% of the school-certified cost of attendance minus other financial aid received. Lenders can have different loan limits for different loan programs and may base the limits on various factors.	Varies by lender, may or may not require school-certification. Some lenders may have minimum and maximum loan amounts and may base the limits on various factors.
<b>Minimum enrollment status</b>	Student must be enrolled at least half time	Varies by lender; some offer loans to students who are attending school less than half-time.	Varies by lender; some offer loans to borrowers who have students who are attending school less than half-time.
<b>Application process</b>	Online with the Department of Education through the FAFSA® process, but some schools have different application processes.	Online with lender; there may be other potential application options, e.g., applying over the phone.	Online with lender; there may be other potential application options, e.g., applying over the phone.
<b>Free Application for Federal Student Aid (FAFSA) required</b>	Yes.	No. Families are not required to complete the FAFSA unless it is the policy of the school.	No. Families are not required to complete the FAFSA unless it is the policy of the school.
<b>Borrower benefits</b>	0.25 percentage point interest rate reduction for automatic debit enrollment	Most lenders offer a 0.25 percentage point interest rate reduction for automatic debit enrollment. Additional benefits vary by lender.	Most lenders offer a 0.25 percentage point interest rate reduction for automatic debit enrollment. Additional benefits vary by lender.
<b>Death and disability loan forgiveness</b>	Yes. If the parent dies or becomes totally and permanently disabled or if the stuTc -0.011 Tw O -0 -1.18w O -1.13.8 -1818w O -1.13.8 -1819-6.8 (t037)-23.3 (i)-6.arent037y bnta25 p s8.4 (r)2TJO -19.4 (s o)-131.1		