2022-23 UW-LA CROSSE

Comparing Federal Direct Parent PLUS and Private Student Loans

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If an undergraduate dependent student needs additional funds for education, beyond what was offered as part of their Financial Aid Offer, there are two possible options for them to consider: a Federal Direct Parent PLUS loan; or a private student loan. **The "Your Other Loan Eligibility*" provided on the Financial Aid Offer indicates the maximum amount that can be borrowed in either a Federal Parent PLUS Loan or a private student loan.**

	Federal Direct Parent PLUS Loan	Private Student Loan
Who is eligible?	Parent PLUS Loans are available to the parents of undergraduates.	Private student loans are available to undergraduate and graduate students.
Who is actually borrowing the loan and responsible for repaying the loan?	Parent PLUS loans are in the name of the parent; the parent is responsible for repayment.	Private student loans are in the name of the student; it is the student's responsibility to repay. **Most undergraduate students will require a co-signer for their loans.**
How much can be borrowed?	Parents may borrow up to the cost of attendance minus other financial aid. Borrowing the full "Your Other Loan Eligibility*" amount may result in a refund.	In most cases, lenders will allow a student to borrow up to the cost of attendance minus other financial aid.
What are the interest rates?	For the 2021-22 academic year, the interest rate on the Parent PLUS Loan is a fixed rate of 6.28%. The interest rates for 2022-23 will be announced in June 2022.	Private student loan interest rates vary, depending on the lender. Rates are typically based on the applicant's credit score, co-signer's credit score and other factors. Depending on the lender, rates offered may be either fixed or variable.
Will I need to pay any fees?	Parent PLUS loans currently have an Origination Fee of 4.228% that is deducted from the amount borrowed, meaning the loan amount disbursed is less than the amount requested.	There are no standard fees for private student loans.
When do I begin repaying the loan?	The first payment on a Parent PLUS loan is usually due within 60 days of the loan being fully disbursed. There is no grace period and interest begins to accrue once the first disbursement has been made. However, the parent may request to defer payments while the student is enrolled by contacting their loan servicer. Interest will continue to accrue during any deferment period.	Repayment terms on private student loans vary by lender, although most lenders require repayment to begin six months after the student is no longer enrolled at least half time. Some lenders require 'interest only' payments while the student is enrolled.
How long do I have to pay off the loan?	Parent PLUS loans have a 10-year repayment term but can be extended to 25 years if the applicant's federal debt exceeds $30,000.	Repayment terms for private student loans vary by lender but typically the terms are 10-15 year repayment.
How do I apply?	Apply for the Parent PLUS Loan at https://studentaid.gov. The parent will need to log in using THEIR FSA User ID and password. In addition, first time parent borrowers must complete a Parent PLUS Loan Master Promissory Note, also available at https://studentaid.gov.	Information and applications for lenders is available at www.uwlax.edu/finaid/info/private-student-loans Information and applications are also available through the individual lender's website.
How do I choose a lender?	Parent PLUS Loans are available through the U. S. Department of Education.	Evaluate the loan terms offered by the various lenders.
Additional benefits	- Loan discharge and cancellation in the event of borrower's disability or death - Various repayment plans - Unemployment deferment - Economic hardship deferment - Sixty months of forbearance	Varies according to the lender. Some offer postponement options such as forbearance, death benefits, various repayment options, co-signer release and incentive/ repayment benefits.