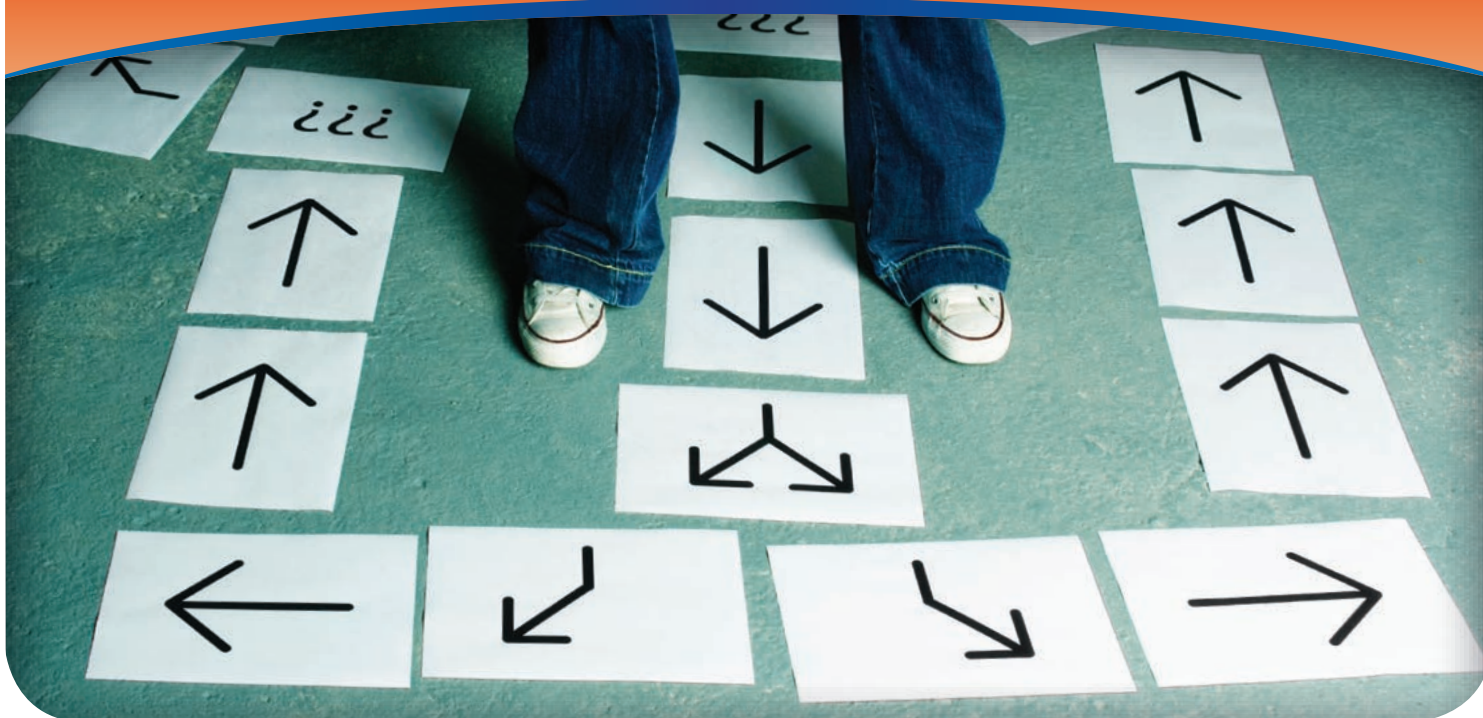


# How do you decide which student loans are right for you?



**Y**our financial aid package for your new school probably includes loans, all of which must be repaid with interest. With so many options, choosing a lender can be daunting. But if you understand a few basics, you can usually find the best loans for you.

**Fill out the Free Application for Federal Student Aid (or FAFSA).** This is a must. Without it, you won't have access to federal loans—many of which are not based on need or income.

**Always tap federal loans first,** such as Perkins, Stafford, and PLUS loans. They carry lower, fixed interest rates and often have better terms than private (or alternative) loans.

**Know the difference between loan types in your financial aid award.**

- **Subsidized Stafford loans:** the government pays interest while you are in school
- **Unsubsidized Stafford loans:** you pay interest while you are in school
- **PLUS loans:** loans for graduate students and parents of undergraduate students
- **Private loans:** loans from banks or other non-government sources, often with competitive rates

**If you need to use private loans, consider all of the costs.** Private loans can have origination fees, different ways of compounding interest, and higher interest rates or higher APRs. It pays to compare.

**Know your credit score.** The lower your score, the higher your rate will likely be on a private loan. If your rating is poor or non-existent, you might need a cosigner. Fees and penalties can be higher than with government-backed loans and your repayment terms may not be as favorable.

**Investigate your options carefully.**

Consider the following:

- **Total cost of the loan** (after all of the interest and fees have accumulated)
- **APR** or annual percentage rate of interest
- **Borrower benefits** (such as cash back or interest rate reductions if you make payments on time)
- **The lender's customer service record**

  
The smart way to choose student loans

continues on back >>

## Student loan shopping? Here's some advice:

- **Avoid turning to credit cards to pay for college.**  
Many credit cards come with high interest rates.
- **Put together a budget and do your best to follow it.**  
Maintain minimal expenses and manage current expenses now to lessen your borrowing needs and save money for when loans come due.
- **Consider a part-time job and/or federal work study.**  
Earning a couple of thousand dollars per school year can have a significant financial impact over time if you have reduced your borrowing.
- **Review educational expenses, including student loan interest, when preparing your taxes.** There are a handful of meaningful tax credits and deductions that may be available to your family.
- **Imagine your future income and expenses before taking on any debt.**  
Industry experts advise that student loan payments should not exceed 8 to 10% of gross monthly income.
- **Be aware of your debt** even though you won't begin repayment for years. The better your understanding of what you will owe after graduation, the more likely you are to be responsible about taking on more debt.

### When you are about to graduate, consider consolidating your loans.

Graduating students can bundle outstanding federal student loans (even just one) into one new loan with one fixed-rate monthly payment. The loan term can be extended up to 30 years, which can lower your monthly payment, but might raise the total cost of your loan. Compare your consolidation options at [SimpleTuition.com](http://SimpleTuition.com).

## SimpleTuition.com

Compare multiple education loans from many lenders, for free.  
Find the best deal for you and apply online. It's that simple.

Customizable comparisons for every loan type:

- **Stafford loans** ■ **Private/alternative loans** ■ **PLUS loans**
- **Graduate PLUS loans** ■ **Federal consolidation loans**

Review a sortable list of loan options, or choose a subset of loans to compare side-by-side.  
Adjust your borrowing amount, and watch loan calculations update in real time!

No personal information or credit checks required.

