

BORROW WISELY

You should first look into scholarships, grants, employment opportunities and other financial aid you don't have to pay back. If you have to borrow for college, determine how much you'll need and can afford to repay. EdWise®, the financial planning tool at www.edwise.org, can help you calculate how much you can afford to borrow based on both your current and potential earnings, what your payments will be and more.

When it comes time to repay your loans, keep in mind that if you fall behind in your payments, your delinquency will be reported to the national credit reporting agencies. A damaged credit rating will make it harder and more expensive to get a loan later should you want to finance a car, a house or additional education.

If you allow your loan to go into default, your wages may be taken from you, your tax refunds could be seized, and you could be charged hefty collection costs, among other penalties.

You can take steps to temporarily postpone or reduce loan payments to avoid delinquency and the consequences of default. If you're having problems making your payments, ask your lender about a deferment or forbearance, or other options.

LOAN REPAYMENT CHART

You'll be better off if you borrow conservatively, budget wisely and plan ahead. Knowing the monthly payments for the amount you borrow is a great start.

INTEREST RATE		8.50%	
TOTAL AMOUNT BORROWED	NO. OF PAYMENTS	MONTHLY PAYMENT	TOTAL INTEREST
\$3,000	70	\$55	\$816
\$5,000	120	\$62	\$2,439
\$8,000	120	\$99	\$3,903
\$10,000	120	\$124	\$4,879
\$16,000	120	\$198	\$7,806
\$20,000	120	\$248	\$9,756
\$35,000	120	\$434	\$17,074
\$50,000	120	\$620	\$24,392

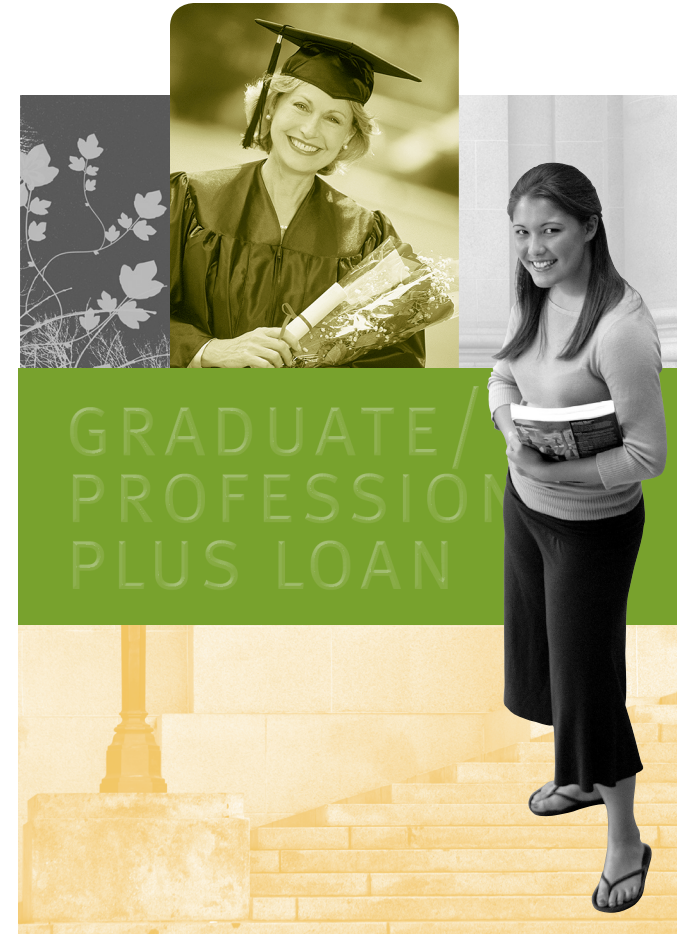


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www.edfund.org

Federal Graduate/Professional **PLUS** loans—to help you pay for college



Paying for college today can be a challenge, and even more so if you're pursuing a graduate or professional degree. Chances are you'll need to tap into a variety of resources, including scholarships, grants, employment opportunities and loans.

The good news: Qualifying graduate or professional students can take out a federal Graduate/Professional PLUS loan as an option for financing their college education. Grad PLUS loans can be used to pay for tuition, fees, books, housing, food and even reasonable transportation and personal expenses.

The interest rate on Grad PLUS loans taken out under the Federal Family Education Loan Program is fixed at 8.5 percent. You'll have up to 10 years to repay, and you can defer making any loan payments until after you graduate as long as you are seeking a degree and are enrolled at least half time. Grad PLUS loans aren't based on your income or assets, but you do need to meet credit eligibility requirements.

Grad PLUS loans are made by banks, credit unions and other lenders under the Federal Family Education Loan Program. Your college's financial aid office can provide more information.

Remember, you always have the right and ability to select the lender of your choice.



THE BASICS OF GRADUATE/PROFESSIONAL PLUS LOANS

Grad PLUS loans allow graduate or professional students to borrow up to the cost of education at a particular institution minus any other financial aid. The Grad PLUS loan is meant to fill the gap between your financial aid package and the cost of education and will typically offer better terms than a private loan. Your school must determine your federal Stafford loan eligibility before you apply for a PLUS loan for graduate students.

Who Qualifies

Federal sources of assistance require that certain basic eligibility criteria be met. In general, students must:

- ▶ Be a U.S. citizen or an eligible non-citizen and have a valid Social Security number,
- ▶ Be enrolled in an eligible program at an eligible institution, and be degree seeking,
- ▶ Be enrolled at least half-time in a graduate or professional program,
- ▶ Not be in default on a federal student loan,
- ▶ Complete the Free Application for Federal Student Aid (FAFSA) available at www.fafsa.ed.gov, and
- ▶ Apply for their maximum loan eligibility in federal Stafford loans.

Credit Eligibility Requirements

You must also meet credit eligibility requirements. You cannot:

- ▶ Have any debts that are delinquent 90 days or more, or
- ▶ Have any defaulted loans, outstanding tax liens, unpaid judgments, or any bankruptcy, foreclosure or wage garnishment within the past five years.

If you cannot meet the credit check, you may still receive a Grad PLUS loan if you know someone who can and who is willing to endorse your loan.

Features

- ▶ The Grad PLUS loan interest rate is fixed at 8.5 percent for the life of the loan. Some lenders may offer discounts on that rate, so shop around.
- ▶ You may have to pay an origination fee of up to 3 percent and a federal default fee of up to 1 percent. Some lenders may offer reduced fees; be sure to ask about them.
- ▶ Interest begins to accrue immediately upon disbursement. Up to \$2,500 of the interest you pay each year may be tax deductible. See your tax advisor or go to www.irs.gov/publications/p970/index.html.
- ▶ You'll need to start repaying your loan within 60 days of your last disbursement, but you can postpone repayment while you're in school as long as you are degree seeking and enrolled at least half time.
- ▶ Typically, you'll have up to 10 years to repay your loan and you can choose from four repayment options.
- ▶ Your Grad PLUS loan funds will be sent to your college and disbursed in one or more installments. Before or with the first disbursement, your lender will give you a loan disclosure statement with important information about your loan. Read it carefully! And be sure to retain all loan documents you receive so you can verify the total that you owe when it's time to begin repayment.

APPLYING FOR GRAD PLUS

- Submit the Free Application for Federal Student Aid (FAFSA) found at www.fafsa.ed.gov.
- Contact your college's financial aid office.