

STUDENT LOAN OPTIONS FOR GRAD STUDENTS

Graduate degree holders earn as much as \$24,000 more per year than workers who have only a bachelor's degree.

To get the best return on that investment, you'll want to limit your graduate school loans and borrowing costs. This means choosing low-cost grad school loans with the right features and terms to meet your needs. Remember, the best loan is no loan at all. Check with your employer to see if assistance is available to pay for grad school, or consider working with an employer who provides assistance immediately after receiving your bachelor's degree.

Your options can be broken down into two basic categories: Government Loans or Private Loans.

When shopping for loans, there are certain things to which you should pay careful attention.

1. Origination fees and application fees. Origination fees can range from 0% to 4.05%. Generally, the higher the origination fee, the lower the credit requirements. If you have good credit you can search for loans with lower origination fees.
2. When collecting rate quotes from lenders, try to begin by using lenders who will use soft credit checks at the onset so your credit does not take a hit until you narrow your selection to the final lender. Remember that advertised rates are the lowest possible rate for those with the best credit. You may not qualify for the lowest rate.
3. Repayment Options. The best loans will allow you to choose from multiple repayment options to suit your budget, including the ability to defer payments while in school or until you find employment.
4. Interest rates can be fixed or variable. Fixed rates are generally higher, but remember that variable rates can increase over the life of the loan, so check the fine print to see how quickly interest rates can increase and the maximum possible rate that can be assigned. A fixed rate may provide more stability and prevent any unwanted surprises.
5. Look for discounts on the interest rates for setting up automatic EFT draft payments from your bank account. Some programs offer rewards for achieving good grades.
6. Cosigning. You may be able to reduce your interest rate by having a family member with good credit cosign on your loan. Some programs will allow the cosigner to be removed completely from the loan once 2-3 years of on-time payments are made.

Private Loan Providers

Citizens Bank www.citizensbank.com/student-lending/graduate-loans.aspx

- Discounts for autopay as well as holders of another Citizens Bank account.
- Loan amounts up to the cost of attendance, for a maximum of \$150,000.
- Cosigner release after 3 years of on-time payments.
- Multi-year approval to easily borrow in the future.
- No origination fee or prepayment penalty.
- Repayment options up to 15 years.

Sallie Mae www.salliemae.com

- Loan terms up to 15 years.
- Ability to borrow up to the full cost of attendance
- Full deferment available while in school.
- Optional interest only payments for 12 months after leaving school.
- Rate discount for autopay.

Common Bond www.commonbond.co

- Discount for autopay.
- Loan Origination Fee: 2%
- Full deferment option while in school.
- Requires a cosigner.
- Cosigner release after 2 years of on-time payments.
- Forbearance for financial hardship while in repayment mode.

Discover www.discover.com/student-loans/private.html

- Rewards for good grades
- Interest reduction for autopay.
- Deferment while in school at least 6 credit hours.
- Borrow up to the full cost of attendance.

Additional sources for student loans: Chase Bank, Wells Fargo, PNC Bank, Capital One. Note that Bank of America does not offer student loans.

Federal Government Student Loans

Federal Direct Student Loans are generally easier to implement, but there can be an additional cost for this convenience. They also are easier to obtain if you have low or no credit. There are two basic types of Federal Direct Student Loans.

1. Graduate Direct Loans
 - a. Interest Rate for 2019-2020 School Year: 6.08%
 - b. Origination Fee: 1.062%
 - c. Maximum Loan: \$20,500 per year with a lifetime limit of \$138,500 including direct undergraduate loans.
 - d. Payments must start 6 months after you leave school.
 - e. Flexible repayment options.
2. Direct PLUS Loans
 - a. Interest Rate for 2019-2020 School Year: 7.08%
 - b. Origination Fee: 4.248%
 - c. Maximum Loan: Up to the cost of attendance
 - d. Payments must start 6 months after you leave school.
 - e. Flexible repayment options.
 - f. Direct PLUS Loans should be seen as a last resort because they are generally the most expensive loan. They should be used for students with poor credit who cannot secure a cosigner.

Securing Federal Direct Loans and Direct PLUS Loans

1. Go to www.studentloans.gov and login with the student's FSA ID that was setup.
2. Choose either the Graduate Direct Loan or Direct PLUS Loan (or both, each with a separate process).
3. Complete the Entrance Counseling and the Master Promissory Note in order for any student loans to be disbursed.
4. Entrance Counseling and the Master Promissory Note only need to be done once. They will not need to be completed for any remaining years unless the student changes schools or enters graduate school. You will need to list the college that will be attended during the process to ensure the college is aware of the loan.
5. Go to the student account at the college to be attended and accept any loans offered under the financial aid section.