

# How to Compare Private Student Loans

## 1. Compare Loan Offers

Explore options from a variety of sources:

- **Banks and credit unions**
- **Online lenders**
- **State-based or nonprofit lenders**

What to look for:

- The **lowest interest rate** available
- **No or low fees** for origination, application or repayment
- **Loan limits** that meet your needs

## 3. Choose a Loan Term

The length of the loan affects your total cost.

If you have a **shorter (5-10 year)** term, your monthly payment will be higher, but you **pay less interest**.

With a **longer (15-20+ years)** term, your monthly repayment will be lower, but you will **pay more interest over time**.

Balance affordability with total cost.

## 5. Other Key Questions to Ask

- Is there a **grace period** before repayment begins?
- Can I make **early payments** without penalty?
- Are **in-school payments** required?
- Will the loan **cover all educational expenses**?

## 2. Understand Interest Rates

- **Fixed interest rates remain the same** for the life of the loan. While they may start higher, you will have **predictable payments** when repaying the loan.
- **Variable interest rates change over time** based on market rates. While they may start lower, **payments could increase unexpectedly**.

## 4. Evaluate Repayment Protections

Unlike federal loans, **private loans don't offer universal benefits** like income-based repayment or Public Service Loan Forgiveness. Some lenders may offer limited protections such as:

- **Deferment** during school or active military service
- **Forbearance** during temporary financial hardship
- **Co-signer release** after meeting certain requirements

Ask the lender: "What happens if I lose my job or experience financial hardship?"

## TL;DR

- **Shop around and compare** loan offers
- Understand variable versus fixed interest rates
- Choose a repayment term that **fits your budget**
- Look for lenders offering **flexible borrower protections**
- Ask clear, specific questions **before signing**