

A Brief Comparison of the Federal PLUS and Non-Federal Private Loans

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Program	Federal PLUS Loan	Private Loan
Who is the Borrower?	The parent.	The student. Most require a credit-worthy co-signer.
Application Process	A two-part online process: a PLUS Loan Application (pre-approval) and an online promissory note. The pre-approval decision is almost immediate. Funds are electronically delivered to the College at the beginning of each semester. Turn-around can be as short as a week.	An online process. Supporting documents may be required by other means. Funds are electronically delivered to the College at the beginning of each semester. Turn-around may be several weeks, depending on lender and documentation requirements.
Interest Rate	The rate is the same for all borrowers. The rate for the 2023-2024 academic year is 8.05%; '22-'23 - 7.54%; '21-'22, 6.28%; '20-'21, 5.3%. The rate stays the same for the life of the loan. <i>Each loan in a new academic year will have a different rate. If you borrow each year for four years, you will have four loans at four different rates.</i>	The rate varies by lender and credit history of the cosignor. Variable- and fixed-rate options may be offered. As of June 2023 , ElmSelect lenders* reported an <i>average range</i> of 4.583% - 11.08% for the fixed rate option, with a low of 3.09% and a median of 4.46%. Each loan in a new academic year will have a different rate. * elmselect.com/v4/school/940/program/1/disclosures
Interest charged while enrolled?	Yes	Yes
Interest capitalized?	Yes, once, at time repayment begins	Yes. Varies by lender. May be monthly, quarterly, annually, or at time repayment begins.
Maximum Rate	Current legislation set the maximum rate at 10.5%.	Varies by lender.
Origination Fees	4.228% through 9/30/2023	Varies by lender, but most do not charge a fee.
Loan Limits	Cost of Attendance minus all financial aid	Cost of Attendance minus all financial aid
Repayment Begins...	Normally 60 days after the final disbursement of the academic year. May be deferred until six months after student graduates or ceases half-time enrollment. Interest continues to	Varies by lender, but many are deferrable until six months after the student graduates or ceases half-time enrollment. Interest continues to accrue during deferment.
Enrollment Requirement	Student must be registered "half-time" (two courses) each semester	Varies by lender. Some allow students to be enrolled less than half-time.
Satisfactory Progress Required?	Yes	Varies by lender. Some allow loans to students who are not making satisfactory progress.
FAFSA Required?	Yes	Not required, but recommended in order to take advantage of federal loans.
Credit Requirements	Parent must pass a credit evaluation, which looks for significant adverse credit (90-days late on account, bankruptcy, foreclosure, lien, default, etc.). Minor credit blemishes do not normally affect approval, nor does level of income or amount of personal debt.	Varies by lender. They will "score" co-signers based on their own criteria (income to debt ratios, multiple late payments, etc.) which may affect eligibility or the resulting interest rate offered. More extensive review than what is used for PLUS Loans.
Discharged?	Discharged in the event of the death or total and permanent disability of the borrower or the student.	Not discharged for death or disability.
Can the loan be consolidated?	Yes	Some (but not all) lenders provide this option.

More at <https://www.lakeforest.edu/privateloan> - "PLUS vs. Private (US Dept of Education)" or contact Adriana Rodriguez, 847-735-5015, rodriguez@lakeforest.edu .