

## FEDERAL LOANS

### Direct Subsidized Loans

- Direct Subsidized Loans are available to undergraduate students with financial need
- The interest rate for loans for the 2017-18 academic year is 4.45%
- You are not charged interest while in school at least half-time, the first 6 months after leaving school, and during deferment

### Direct Unsubsidized Loans

- Direct Unsubsidized Loans are available to undergraduate and graduate students; financial need is not required
- The interest rate for undergraduate loans for the 2017-18 academic year is 4.45%; for graduate loans the rate is 6%
- You will be charged interest as soon as your loan is disbursed. You can choose not to pay interest while in school or during grace period, deferment, or forbearance, but interest will accrue and be added to the principal balance of your loan.

### PLUS Loans

- PLUS loans are available for graduate or professional degree students and parents of dependent undergraduate students
- Credit history is considered and poor credit history can disqualify potential borrowers
- The interest rate for loans disbursed for the 2017-18 academic year is 7%
- PLUS loans enter repayment as soon as they are disbursed. You can delay repayment while in school but interest will accrue and be added to the principal balance of your loan.

## PRIVATE LOANS

Private student loans are originated by banks, credit unions, peer-to-peer lenders, and colleges themselves.

Private Loans should be considered only after you have used all available “free” and federal student aid.

Some of the drawbacks to private loans include:

- Interest rates are often higher than on federal loans and can be variable
- Payments may start while you are still in school
- Interest typically accrues while you are in school
- Interest rates are based on a borrower’s creditworthiness
- Private loans may require a co-signer
- Interest may not be tax deductible
- Private loans do not offer the same advantageous repayment programs as federal loans, such as income driven repayment
- Private loans do not qualify for federal loan forgiveness programs
- Private loans may not offer deferments or forbearances

Department of Financial Services  
(212) 480-6400 (800) 342-3736  
[www.DFS.ny.gov](http://www.DFS.ny.gov)

Visit the DFS Student Lending Resource Center at: [dfs.ny.gov/studentprotection](http://dfs.ny.gov/studentprotection)



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*What You Need to Know About...*

## FINANCING YOUR EDUCATION

Important information about  
financing your education



This guide is provided for informational purposes only and does not constitute legal advice.

## GETTING STARTED

You must complete a Free Application for Federal Student Aid (FAFSA) to apply for federal student aid.

Complete the FAFSA as soon after January 1st as possible because some aid programs have limited funds that are distributed on a first come, first served basis.

## TYPES OF AID

- **Grants and Scholarships.** Grants and scholarships are sometimes called “free” student aid because, unlike loans, you don’t have to repay grants and scholarships. Always start your search for financial aid by looking for “free” sources of funding
- **Work Study.** A student aid program that provides part-time employment while you are enrolled in school to help pay your education expenses
- **Federal Loans.** There are a variety of loan programs available through the federal government. Federal loans typically provide better repayment plans and lower interest rates than private loans
- **Private Loans.** Private loans are funded by private lenders such as banks and credit unions, and in some cases schools themselves. Only consider private loans after you have used all available “free” and federal student aid

**Tip:** Unscrupulous companies may try to trick you into paying a fee for access to scholarships Fully research a company before paying a fee. Remember, you can get information for free online from your school or from your local library.

## GRANTS

Grants are awarded based on financial need and do not need to be repaid.

### Federal Grants

- Pell Grants are awarded to undergraduates with financial need
- The amount you can receive depends on your need, cost of attendance, and enrollment status
- You can find information about other Federal grants at [studentaid.ed.gov](http://studentaid.ed.gov)

### New York State Grants

- The Tuition Assistance Program (TAP) is administered by the New York Higher Education Services Corporation
- TAP grants are available to New York residents attending New York schools
- You can find information about other New York grants at [hesc.ny.gov](http://hesc.ny.gov)

## SCHOLARSHIPS

Scholarships are awarded based on many factors, including merit, membership in a group, and interest in a particular field.

You can find information about available scholarships by contacting your school’s financial aid office or searching online.

## WORK-STUDY

The Federal Work-Study program provides part-time employment while you are in school to earn money to pay for education expenses.

## FEDERAL LOANS

If you still need to take out loans after exhausting grant, scholarship and work-study options, consider all available federal loans before turning to private loans.

Federal loans offer several advantages compared to private loans, including:

- The interest rate on federal loans is typically lower than on private loans
- No credit check or cosigner required for most federal loans
- You don’t have to start repayment until you graduate, leave school, or change your enrollment status to less than half-time
- Flexible repayment plans and more options to postpone repayment
- You may be eligible for loan forgiveness if you meet certain criteria

## Perkins Loans

- Perkins Loans are federal loans for students with exceptional financial need
- Your school is the lender, and you will make payments to your school or your school’s loan servicer. Not all schools participate. Check with your school’s financial aid office to see if Perkins Loans are available