

## Think Before You Borrow

### **Money—Saving Tips**

It's easy to rush through the loan process. But if you take a minute and consider the following points, you could save yourself some money in the long run.

#### **Avoid Falling into the Loan Trap**

Because need-based loans are easy to apply for and don't require payments while you're in school, it's tempting to borrow up to the maximum amount—even if it is more than you can afford to repay.

#### **How Much Loan Do You Actually Need**

You don't have to borrow the entire amount shown in your award letter.

#### **Explore Ways to Reduce Your Loan**

Can you hold down expenses? Can you work more, either in the academic year or during vacations? Are there scholarships for you? If you reduce spending or bring in more money, the amount you have to borrow goes down.

#### **Go for the Loan with the Best Terms**

The lower the interest rate, the less expensive the loan—in other words, the less you'll have to repay.

Starting with least expensive, your loan "batting order" should be:

1. Federal Perkins Loans
2. Federal Subsidized Stafford Loans
3. Federal Unsubsidized Stafford Loans
4. Federal PLUS Parent Loans
5. Alternative Loans

Some students may have access to a special loan source (like the Air Force Aid Society) with terms comparable to Perkins or subsidized Stafford Loans. It may be worth your time to look into the possibilities. The College Board's online [Scholarship Search](#) includes low-interest student loan programs.

#### **Federal PLUS Loans for Parents**

Some colleges offer their own parent loan programs. We recommend that you check with the financial aid office to see if the school offers its own loan program, and if you qualify, before you submit a PLUS Loan application.