

PARENT PLUS LOAN OVERVIEW: A GUIDE TO INFORMED BORROWING

PRESENTED BY:

FAQS

Am I eligible to borrow a Parent PLUS Loan?

- You must be the parent (or, in some cases, the stepparent) of the student for whom you are borrowing
- Your child must be a dependent undergraduate student enrolled at least half-time
- You cannot have an adverse credit history
- You and your child must be U.S. citizens or eligible noncitizens, not be in default on any federal education loans, and not owe an overpayment on a federal education grant

What are the terms and conditions of the loan?

- There are no set borrowing limits for Direct PLUS Loans, but you may not borrow more than the cost of your child's education minus any other financial aid received
- The interest rate and loan fees for a Direct PLUS loan are determined annually; please see your Master Promissory Note for the current rates, or ask your student's financial aid representative

REPAYMENT OPTIONS

Standard:

- Payments are a fixed amount
- Up to 10 years to repay (up to 30 years for Consolidation Loans)
- All borrowers are eligible for this plan
- You'll pay less over time than under other plans

Graduated:

- Payments are lower at first and then increase, usually every two years
- Up to 10 years to repay (up to 30 years for Consolidation Loans)
- All borrowers are eligible for this plan
- You'll pay more over time than under the 10-year Standard Plan

Extended:

- Payments may be fixed or graduated
- Up to 25 years to repay
- You must have more than \$30,000 in outstanding Direct Loans
- You'll pay more over time than under the 10-year Standard Plan
- Your monthly payments will be lower than under the 10-year Standard Plan or the Graduated Repayment Plan

Income Contingent:

- Parent borrowers can access this plan by consolidating their Parent PLUS Loans into a Direct Consolidation Loan
- Your monthly payment will be the lesser of
 - 20 percent of discretionary income, or
 - The amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income
- Payments are recalculated each year

Consolidation:

If you have multiple federal student loans, you can consolidate them into a single Direct Consolidation Loan. See <https://studentaid.ed.gov/sa/repay-loans/consolidation>

REPAYMENT EXAMPLES

\$10,000 BALANCE @ 7% INTEREST RATE

REPAYMENT PLAN	REPAYMENT PERIOD	MONTHLY PAYMENT	TOTAL AMOUNT PAID
Standard	120 months	\$116	\$13,933
Graduated	120 months	\$67 - \$201	\$15,025

\$35,000 BALANCE @ 7% INTEREST RATE

REPAYMENT PLAN	REPAYMENT PERIOD	MONTHLY PAYMENT	TOTAL AMOUNT PAID
Standard	120 months	\$406	\$48,766
Graduated	120 months	\$235 - \$705	\$52,588
Extended Fixed	300 months	\$247	\$74,212
Extended Graduated	300 months	\$204 - \$349	\$80,287

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