Looking for a loan to pay for college can be overwhelming — there are a lot of options available to borrowers, with repayment plans full of complicated details. But life is complicated too -- a one-size-fits all student loan isn't right for everyone. When choosing a repayment plan, keep in mind that your monthly payment and the total amount of interest you'll pay over the life of your loan have an inverse relationship: the less you pay each month, the longer it will take you to pay down your loan principal, and the more interest you'll pay over the life of your loan. That's not to say that you should go out of your way to make an unreasonably high monthly payment — but generally speaking, it's best to pay off as much as you can every month. Keep in mind you'll be taking out loans to pay for school a semester or a year at a time. Your monthly payments after graduation will depend on all of the debt you take out to get your diploma — not just the loan you're taking out today.

CHOICE IS GOOD: A STEP-BY-STEP GUIDE TO CHOOSING THE RIGHT REPAYMENT PLAN

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START HERE

Do you think you'll be able to start making payments while you're still in school?

YES I think I can **do it!** What are my repayment options?

NO I'd rather wait until I'm done with school

IMMEDIATE PAYMENT

If your budget allows for it, choose an immediate repayment plan where you make full monthly payments starting as soon as you take a loan out. Because you're paying down both interest and your loan principal while you're still in school, you'll have made a good start on repaying your loan balance by the time you graduate, resulting in the lowest cost loan.

INTEREST-ONLY PAYMENT

If you're not able to make full monthly payments, another option is to make interest-only payments. On this plan, your monthly payments will be smaller because you'll be paying off all your interest and not letting it compound. Your principal balance won't get any smaller, but paying off your interest will help make your future payments more manageable, and will cost you less over the life of your loan.

FLAT PAYMENT

If you don't think you'll be able to pay off all your interest each month, you can opt for a partial interest repayment plan. This will allow you to pay a fixed amount — say $25 or $50 a month — toward your monthly interest, and prevent it from being added to your principal balance. This can help keep your loan balance in check, and reduce the total amount you must repay. Keep in mind that your monthly payments will go up once you graduate.

FULL DEFFERAL

Not everyone can afford to start making payments while they're still in college — that's okay, as long as you know what's coming. A full deferment plan lets you put off worrying about repaying your student loans altogether, until you're out of school or stop taking classes. Many lenders offer a six-month grace period after you graduate before payments are due. In the meantime, interest will keep piling up, thus increasing your total loan balance.

CHOOSING A LOAN TERM

When taking out a private student loan, you'll usually have a choice of loan terms, and you'll have to decide between a fixed or variable interest rate. The loan term — the number of years you have to pay back a loan — will affect your interest rate. The shorter the loan term, the lower the interest rate, but the higher the monthly payment.

LOWER MONTHLY PAYMENT

If you decide you would rather have a smaller monthly payment, choosing a longer loan term is one approach. A longer loan term will have a higher interest rate; the lower the payment you're able to make each month, the longer it will take you to pay off your total balance. A variable-rate loan may offer lower initial interest rates, but your payments will change over time.

LOWER INTEREST PAYMENT

If you want to try and get the lowest interest rates possible, you have several options. You can choose a shorter repayment term, choose a variable-rate loan, or add a cosigner. As long as you're able to stay on top of your payments, you'll be able to pay off your loans faster.

FIXED RATE

The interest rate on a fixed-rate student loan will not change. Fixed-rate loans provide stability: if interest rates go up, you'll be immune, and your monthly payments will remain unchanged.

VARIABLE RATE

If you choose a variable-interest rate, you'll probably start out with a lower interest rate than you'd get on a fixed-rate loan with the same repayment term. But variable rates are tied to indexes, such as the prime rate or LIBOR. So if you choose a variable-rate loan, your interest rate will move up or down. After graduation, you may be able to refinance into a fixed rate loan if you want more stable monthly payments.

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FREQUENTLY ASKED QUESTIONS

1. Are these secured loans?

No, these are unsecured loans.

2. Can I make payments even if I am in full deferral?

Yes, you may make payments while in full deferral.

3. How long does it take for the loan to fund?

Once you have provided all the required documents and your school has confirmed your enrollment, it can take anywhere from 7-30 business days.

4. Why should I choose a variable rate?

The initial rate on variable-rate loans is typically lower than comparable fixed-rate loans. However, rates on variable-rate loans are tied to an index (such as the prime rate or LIBOR), which will fluctuate with the market. This also means your payments can go up or down. That said, you may be able to refinance your variable-rate loans once you are out of college.

5. Should I take out a loan by semester or by school year?

You can take out a loan as needed by semester or school year so you don't take out more than you actually need. This will incur hard credit inquiries each time you take out a loan and you will have multiple payments due at the end of your enrollment.

If you take out a loan for the entire school year, most lenders will disburse funds to your university in two separate installments, so you won't have to pay interest on the full balance.

6. What if I need a loan for housing?

Our partner lenders are able to cover housing expenses if they are included in your school's estimated cost of attendance. If you are living off campus, you will need to remain in contact with your school's financial aid department to see how the funds will be disbursed to you.

7. Is this a simple interest loan?

No, the loans are compounding interest after disbursement.

8. When does full repayment begin if I choose flat payments, interest-only payments or full deferral?

- Citizens Bank - Undergraduate: 6 months after graduation or enrollment ending
- Citizens Bank - Graduate: 9 months after graduation or enrollment ending
- CollegeAve Undergraduate: 6 months after graduation or enrollment ending
- CollegeAve Graduate: 9 months after graduation or enrollment ending
- iHelp Undergraduate: 6 months after graduation or enrollment ending
- iHelp Graduate: 6 months after graduation or enrollment ending