

# STUDENT LOANS

# 101

Student loans are major form of financial aid. A loan is money that a student borrows and must pay back, so it is important that you understand your options and responsibilities.

## 1. Federal vs. Private Loans

Federal loans are managed and backed by the U.S. government. These loans are designed to provide students with fair treatment. Because they offer the best terms for borrowers, federal loans are the best option for students.

Private loans are managed and backed by private banks. These banks are not subject to the same rules and regulations of federal loans, and may feature higher (or variable) interest rates, stricter repayment plans and penalties, or other terms that may make them more expensive.

