OCTOBER 2018 NEWSLETTER

CONSUMER CREDIT COUNSELING SERVICE

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Consumer Credit Counseling Service, Inc

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UNDERSTANDING STUDENT LOANS

If you are planning on going to college, one of the things you are probably dreading is student loans. Student loan debt is one of the fasted growing types of debt in America today, with over $1.38 trillion owed at the end of 2017. The average college student will graduate with about $30,000 with debt. Depending on what type of loan you received, you could be responsible for paying it back as soon as you walk across the stage with your diploma.

There are two main categories for student loans: **federal** and **private**. Federal student loans are offered by the Department of Education, which makes the government your lender. Private student loans are offered by private lenders, such as a bank, credit union, or credit card company. Federal student loans offer fixed interest rates, while private loans are likely to have variable interest rates, meaning that the interest rates could change during the duration of the loan. Private loans might take your credit score into consideration and might require a co-signer on the loan, while federal loans will not. We strongly recommend federal student loans rather than private student loans.

Federal student loans break down further into several different types. We'll explain the differences and qualifications for each. Remember that in order to be eligible for any of these loans, you have to fill out the *Free Application for Federal Student Aid (FAFSA).*

1. Direct subsidized loans are awarded to undergraduate students who demonstrate financial need. Your school will determine how much you are eligible for. The positive part about this loan is that the government pays the interest on the loan while you are in school, during the first six months after you leave school or when you defer on your loans.

2. All students are eligible for direct unsubsidized or unsubsidized stafford loans without having to demonstrate financial need. With these loans, you are responsible for paying interest on the loan, and interest will accrue as soon as the money is dispersed to your institution. You are not required to pay on the interest or principle until six months after graduation.

3. Parent Plus loans are what they sound like. Instead of the loan being in the student's name, the loan is in the parent's name and it is the parent's responsibility to repay the loan. This loan is available for student's parents to obtain to help their children complete their undergraduate, graduate, or professional degrees. We recommend that you avoid these loans if possible because you are not benefiting from the education, only paying for it.

4. Federal Perkins loans are a low-interest federal loan for students who demonstrate exceptional financial need. Not every school participates in this program, and the amount of money you are awarded depends on the availability of funds at the university, and the university is given the funding by the federal government.

Student loans can be daunting, but Consumer Credit Counseling Service is here to help. Feel free to call us to speak with a Certified Credit Counselor today.

Amazon Smile

Go to www.smile.amazon.com and select Consumer Credit Counseling Service as your designated charity and we will receive 0.5% back on your purchases.

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