

STUDENT LOANS

Student loans: borrow less, repay with a plan

The best loan is the smallest suitable loan that closes a necessary funding gap while preserving useful protections. A low advertised rate is only one part of the decision. Start with grants, scholarships, work options and an affordable school choice.

Build a school-cost worksheet first

List tuition, fees, housing, food, books, transportation and expected annual increases. Subtract grants and scholarships that do not require repayment. Keep work-study separate from guaranteed money because earnings require obtaining and working a job. Compare each school's net price and completion outcomes, not its sticker price or acceptance excitement.

Use College Scorecard and each school's net-price calculator. Write the likely total borrowing for the entire program, including interest accruing during school. Stress-test payments against realistic entry-level take-home pay and rent after graduation.

Federal aid comes first in the comparison

Complete the FAFSA at StudentAid.gov. Review grants, school aid and federal loan eligibility before a private application. A subsidized loan can have an interest benefit during eligible periods; an unsubsidized loan generally accrues interest while in school. Borrowing the maximum offered is not required.

New federal borrowing rules and limits changed beginning July 2026. Ask the financial-aid office to explain how your program, enrollment and previous borrowing affect eligibility. Do not rely on an older graduate PLUS or parent-loan guide.

Current federal rate checkpoint

Federal Student Aid lists **6.52%** for undergraduate Direct Subsidized/Unsubsidized loans and **8.07%** for graduate/professional Direct Unsubsidized loans first disbursed July 1, 2026 through June 30, 2027. These are interest rates, not APRs; origination fees also affect cost. Existing loans retain their own applicable rates.

Check the official interest-rate and fee page for your loan type and disbursement date. Compare federal protections as well as the rate before selecting a private loan.

Reviewed October 3, 2026. Rates, eligibility and repayment rules can change. Educational guidance, not a guaranteed approval or individualized debt recommendation.



Shop private loans only for the remaining gap

Three direct lenders to compare

College Ave: undergraduate loan options. Useful for comparing repayment structures and term choices. Its page advertised fixed APRs of 2.19%-17.99% and variable APRs of 3.89%-17.99%, including autopay discount, with information dated September 8, 2026. Your approved rate may be much higher than the minimum.

Sallie Mae: undergraduate loans. Compare fixed/variable pricing, in-school repayment choices, cosigner rules and school eligibility. Read the personalized disclosure and repayment example instead of selecting the lowest promotional number.

SoFi: private student loans. Compare eligible programs, term choices, borrower benefits and the actual rate offered. Confirm whether a rate check uses a soft inquiry and when a full application triggers a hard inquiry.

These are a practical comparison shortlist, not a claim that one always has the lowest rate. Include a state education lender or local credit union if available. Check school eligibility before applying.

How to apply without losing track

Gather school/program details, cost of attendance, other aid, requested amount, income and identity documents. Compare the same loan amount, fixed-rate type, repayment start and term. If using a cosigner, have them read the agreement independently; they can be legally responsible for the entire balance.

After prequalification where offered, save at least three written quotes. Record APR, rate type, fees, payment during school, payment afterward, term, total projected repayment, hardship rules, death/disability provisions and cosigner-release criteria. Confirm any release is conditional, not automatic.

The school may certify the amount before disbursement. Read cancellation deadlines and final disclosures. Borrow only what remains necessary after aid. Keep a copy of every document.

Fixed versus variable

A fixed rate improves payment predictability. A variable rate can rise and may erase an initial advantage. Compare the index, margin, adjustment frequency and caps. A low introductory figure does not tell you the lifetime cost. Private loans do not automatically provide the same federal repayment or forgiveness options.



Build the repayment plan that fits your loans

Inventory before choosing a payment

Log in directly to StudentAid.gov for federal loans. List private loans separately from lender statements. Record balance, accrued interest, rate, required payment, servicer, loan type, disbursement date and due date. Put every account on a calendar and verify your current contact details.

Federal repayment is changing

Use the official repayment calculator with your actual loans. The July 2026 changes make loan type and borrowing date especially important. RAP is the income-driven option for eligible new borrowing; some older loans may qualify for other plans. Parent PLUS restrictions are different.

SAVE is no longer available according to current Federal Student Aid guidance. PAYE and ICR are scheduled to end no later than July 1, 2028. Do not stay on an old plan simply because an older video recommended it. Read Federal Student Aid's current IDR FAQs and confirm the transition deadline with your servicer.

Compare three outcomes, not just a payment

For every available plan, write: required monthly payment, estimated lifetime amount paid, and expected end date. Also check potential forgiveness, tax treatment and recertification requirements. A smaller payment can help cash flow while extending repayment. If income falls, ask promptly about updating the calculation.

Public Service Loan Forgiveness

If working for a qualifying government or nonprofit employer, check the PSLF Help Tool. Eligibility depends on employment, loans and qualifying payments; a job title alone is not enough. Submit employment documentation regularly and when changing employers, then track counts and keep confirmations. Extra principal payments may be counterproductive if properly pursuing forgiveness.

When you cannot afford the next bill

Contact the servicer before missing payment. Ask which assistance is available, whether interest accrues, how it affects forgiveness and what resumes afterward. Obtain the answer in writing. Use the Federal Student Aid feedback center for unresolved federal servicing issues. Help from the government and servicer is free; do not pay for a forgiveness promise.



Execute payoff and avoid refinancing traps

A practical debt-payoff order

First cover necessities and required minimums. Keep a cash buffer. If your goal is full payoff, directing extra payments to the highest interest rate generally minimizes interest when other terms are equal. A smallest-balance-first approach can provide motivating early wins but may cost more. Choose a method you can sustain and document the difference.

Tell the servicer which loan should receive the extra money and ask how paid-ahead status works. Verify the next statement rather than assuming an extra payment reduced the intended principal. Keep required payments on all other loans current.

A rate comparison in dollars

A hypothetical $20,000 loan over ten years costs about $222 per month at 6%, versus $264 at 10%, with no fees and monthly amortization. Approximate total interest is $6,645 versus $11,716. Actual student-loan accrual and repayment timing can differ. Compare total borrowing cost, not only the monthly difference.

Consolidation and refinancing are different

Federal consolidation combines eligible federal loans under federal rules. It is not a competitive-rate refinance. It can affect benefits, payment counts and eligibility, so read current guidance before consolidating.

Private refinancing replaces loans with a private contract. Refinancing federal loans generally permanently gives up federal protections and potential forgiveness. Do not trade those away for a small rate reduction without a written comparison of what you lose. An existing private loan may be a more straightforward refinance candidate if the new APR, term and protections improve.

If considering a private refinance

Compare the current remaining balance and term with a quote from SoFi refinancing and other eligible lenders. Ask about origination charges, variable-rate risk, hardship protection, cosigner release and prepayment. A longer term may reduce the payment while increasing interest. Keep paying the old servicer until payoff is confirmed.

Scams and recordkeeping

Never share your StudentAid.gov password with a caller. Verify messages using your own bookmarked portal. Save applications, approvals, statements and payment histories. Promises of immediate universal forgiveness or pressure to pay an enrollment fee are reasons to stop and verify.



Your education-debt action sheet

Before borrowing

- Complete FAFSA and compare school net prices.
- Record the full program's expected borrowing and a realistic first-job budget.
- Accept only the amount needed; compare federal terms before private offers.
- Review a private cosigner's obligations together before signing.

First 30 days of repayment planning

- Inventory all loans and distinguish federal from private.
- Run the current federal calculator and save the comparison.
- Confirm due dates, assistance options and any recertification deadline.
- Check autopay terms and maintain enough cash to prevent overdrafts. Verify the first automated payment actually posts.

Monthly and annual habits

Each month, verify payments and target extra money intentionally. Every year, review income, household changes, repayment eligibility and the remaining payoff timeline. If pursuing PSLF, maintain an employer-certification and payment-count file. Revisit the plan after a job change or a new loan.

Quote worksheet

Loan type / lender: _____

Amount / fixed or variable / APR: _____

Fees / term / total repayment: _____

Monthly payment now / after school: _____

Hardship and cosigner terms: _____

Federal benefits lost if refinancing: _____

Helpful links

Federal loan types · Repayment options · PSLF · CFPB student-loan help · DollarsWithDad budget planner

My next step: _____ **Deadline:** _____