

## Paying for College: Parent PLUS Loan, Alternative/Private Loan, or Other Options: Which Should I Choose?

The policy of Messiah College has always been to allow a family to choose the payment or loan option which is best for them. Families want to secure the lowest interest-rate option or the best possible deal. We want to provide you with some important points to consider when making your choice. Please be aware that this is not a comprehensive list of payment options.

<b>Paying for College – Comparison of Some Options</b>			
<b>Parent PLUS Loans</b>	<b>Alternative/Private Loans</b>	<b>Home Equity Loan or Line of Credit</b>	<b>Retirement Accounts</b>
6.84% fixed interest rate	Fixed or variable interest rates	Fixed or variable interest rates	May be eligible to take a loan or withdraw from 401(k) or 403(b)
4.272% fee	Most loans have zero fees	Possible closing costs and fees	May be limitations on future contributions and possible loss of investment growth opportunities
Loan in parent name only; loan cannot be transferred to student	Loan in student name, but will most likely need a co-signer who is equally liable to repay the loan	Loan in parent/owner's name only, and dependent upon equity in home. This creates a lien against the borrower's house and reduces actual home equity.	Loan in parent/owner's name only
Can request in-school deferment	Can choose full-deferment loan option	No deferment option	Only deferred if called to active duty in the military
Interest may be tax deductible	Interest may be tax deductible	Interest may be tax deductible	May incur tax penalties
Federal insurance covers loan if parent OR student dies	Some lenders will dismiss a loan if the student dies		Suggest contacting your vendor and a tax professional before proceeding

The choice is yours! We hope this information will help you make an informed decision.

For more information regarding Parent PLUS loans, please visit our [parent plus loan page](#).

For more information regarding Alternative Loans, including how to contact our list of lenders, please visit our [private loans page](#).