

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.

Paying for College – Comparison of Some Options			
Parent PLUS Loans	Alternative/Private Loans	Home Equity Loan or Line of Credit	Retirement Accounts
**Government interest rates are set each year. Please contact the financial aid office for the current rate @ finaid@messiah.edu	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)
**Government interest rates are set each year. Please contact the financial aid office for the current rate @ finaid@messiah.edu	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 can also be in the parents name "only".	Loan in parent/owner's name only, and dependent upon equity in home. This creates a lien against the borrower's	Loan in parent/owner's name only

		house and reduces actual home equity.		
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.