



*Office of Financial Aid*

## **PLUS vs. Alternative Loans**

With so many borrowing options available to parents and students, there are always reasons to feel positive about your ability to finance a college education. If your federal and state grants along with your maximum Stafford loan do not provide adequate funding for college expenses, students and parents may be eligible for either a PLUS loan or an Alternative loan.

### What is a PLUS loan?

Federal PLUS loans are low-interest loans for PARENTS of dependent students. The Federal PLUS loan is not asset-based; approval is based on creditworthiness. It picks up where financial aid leaves off, enabling the parent to borrow up to 100% of the student's educational expenses, minus financial aid received.

- If parents do not qualify for a PLUS loan, the student may be able to borrow additional funds through an Unsubsidized Stafford loan or an Alternative loan.

### What is an Alternative loan?

Beyond the Federal Stafford loan, students are usually able to borrow what is commonly referred to as an Alternative loan. Alternative loans are private loans offered by banks that are specifically targeted to address educational costs. Many lenders require that an undergraduate student with a limited credit history have a co-signer for this type of loan.

If you have any questions regarding what option is best for you and your family, contact your financial aid office.

**Remember :** Always apply for financial aid [www.fafsa.ed.gov](http://www.fafsa.ed.gov) and apply for a Stafford loan prior to exploring your PLUS and Alternative loan options.