ISL EDUCATION LENDING

College Family Loan or PLUS Loan?

The federal government offers PLUS Loans to help with college costs not covered by other financial aid. However, the many benefits that often make federal student loans more attractive than private student loans are not all available to parent PLUS borrowers. If you want to help your student pay for college costs, this side-by-side comparison of the College Family Loan to the PLUS Loan may help you determine which is better for your family's financial situation.

	College Family Loan	PLUS Loan
Borrower	Parent or Legal Guardian	Parent (for dependent undergraduate students); student (for graduate or professional degree students)
Interest and Annual Percentage Rates (APRs)	Immediate Payment Options: • 3.45%–8.45% fixed interest rates (3.45%–8.45% APR[1]) Deferred Payment Options: • 7.35%–8.95% fixed interest rates (6.97%–8.39% APR[2]) Visit **www.IowaStudentLoan.org** for additional details on rates and terms.	8.94% fixed interest rate (9.96% APR for immediate repayment and 8.78% APR for deferred repayment[3]) PLUS Loan rates change every year on July 1. The rate you receive is determined by disbursement date (when money is sent to the school), not by application date. The rate listed above is for loans first disbursed on or after July 1, 2025, and before July 1, 2026.
Origination Fee	0%	4.228% for loans first disbursed on or after Oct. 1, 2020, and before Oct. 1, 2026
Payments Required While the Student Is Enrolled	In-school payments may be required based on the loan selected. The applicant may choose options requiring principal and interest payments or interest-only payments while the student is enrolled in school or choose to defer all payments while the student is enrolled.	Repayment begins when the loan is fully disbursed. An in-school deferment may be requested to postpone payments until after the student graduates, leaves school or drops below half-time enrollment.
Employment and Income Criteria	Current employment and acceptable debt-to-income ratio required to determine eligibility for the loan	No employment or income check requirement to determine eligibility for the loan
Cosigner Requirement	A cosigner is not required; however, applicants who do not meet the underwriting and credit criteria on their own may apply with one or more cosigners.	A cosigner is not required; however, an endorser can help an applicant with an adverse credit history qualify for the loan.
Borrower Benefits	0.25% interest rate reduction with automatic payment withdrawal	0.25% interest rate reduction with automatic payment withdrawal
Repayment Term	10 or 15 years	10 years (may be extended up to 25 years depending on loan balance)
Consolidation or Refinance	May be eligible for private student loan refinance, but cannot be included in a Federal Direct Consolidation	Eligible for Federal Direct Consolidation, may also be eligible for private student loan refinance

Before applying for an education loan from any lender, including the Direct PLUS loan, you should consider additional characteristics, including: credit requirements, monthly payment amount, origination fees, capitalization frequency, borrower benefits and protections, repayment term, when repayment begins, and the total amount to be repaid over the life of the loan. In addition, for the Direct PLUS loan consider if you may qualify for Public Service Loan Forgiveness or an Income-Driven Repayment Plan.

[1] The APR is based on borrowing $10,000, a 0% origination fee and a fixed interest rate between 3.45%–8.45% during the 120-month principal and interest repayment period. Borrowers are eligible for the lowest rates if their college student either resides in Iowa or is attending an institution in Iowa.
[2] The APR is based on borrowing $10,000, a 0% origination fee, deferring principal and interest for 51 months, and a fixed interest rate between 7.35%–8.95% during the 51-month in-school and separation period and the 180-month principal and interest repayment period. Borrowers are eligible for the lowest rates if their college student either resides in Iowa or is attending an institution in Iowa.
[3] The U.S. Department of Education does not provide APR calculations for federal student loans. As a guide for comparing costs however, the APR for loans that enter repayment immediately is based on borrowing $10,000, a 4.228% origination fee and a fixed interest rate of 8.94% during the 120-month principal and interest repayment period while the APR for loans that are deferred while the student is enrolled is based on borrowing $10,000, a 4.228% origination fee, deferring interest and principal for 51 months and a fixed interest rate of 8.94% during the 51-month in-school and separation period and the 120-month principal and interest repayment period.

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Late Fees and Collection Costs	None	Late fees can be assessed if payments are not made in a timely manner and collection costs may be added to your loan if it defaults.
Income-Contingent Repayment	Not eligible.	Available if parents consolidate PLUS Loans, but the Income-Contingent Repayment Plan does not currently include loan forgiveness.[1]
Public Service Loan Forgiveness Program	Not eligible.	Available if parents consolidate PLUS loans into Federal Direct Consolidation and work in certain government or not-for-profit positions[2] while making 10 years of qualifying payments.
What Happens After Default	Settlement agreements may be available with lower payments and interest.	Loans can be restored to good standing after nine payments during a period of 10 consecutive months. Rehabilitated loans will have the same interest rate and repayment options. Collection costs and late fees may be added to the loan balance.
Treasury Offset	Not applicable.	Income taxes or other government payments may be offset to pay defaulted loans.

Have High-Rate Loans Already?
If you have private or PLUS loans with high interest rates, you may be able to refinance today for a lower rate. We offer regular refinancing, where repayment begins immediately, as well as an in-school refinance that lets you delay repayment until your student is out of college.

[1] Recent court cases resulted in injunctions that prohibit the U.S. Department of Education from forgiving loans after 25 years of repayment under the Income-Contingent Repayment Program. Borrowers making payments that do not cover accrued interest will see their loan balances increase and loan balances will not be forgiven.

[2] The U.S. Department of Education is in the process of issuing regulations that exclude nonprofits that advocate for political issues from being eligible employers under Public Service Loan Forgiveness Program.