

Education Loan - What You Need To Know

The strength of the United States is not the gold at Fort Knox or the weapons of mass destruction that we have, but the sum total of the education and the character of our people - Claiborne Pell

Education loan is perhaps the most noble loans of all considering that the loan is going to create and grow a student into a responsible future citizen who can contribute to the society in a big way.

American college graduates have earned \$1million more than high school graduates during their entire career. This simple statistic is enough to underline the significance of education. What one must not forget, in the brouhaha of course, is that college education is quite an investment in ones future even after considering the huge expenses involved.

Where and How of Education Loan in America

The Federal Government has various student aid and loan programs, to help pay for both undergraduate and graduate education, which it helps get at low rate of interests. Here are some of them.

1. Federal Perkins Loan: This is a low interest loan (5%) and the school is the lender to which you payback. Maximum amount you can draw as an undergraduate is \$4000 per year and \$6000 per graduate student per year. The total amounts in each case being \$20,000 and \$40,000 respectively. Barring late charges there are no other charges.

2. William D. Ford Federal Direct Loan Program: An FSA program for after high school students where Department of Education is the lender. You have 2 programs, Stafford- for students and PLUS- parents. PLUS loans offered through FFEL have banks and private lenders to provide.

3. Consolidation loans: Direct loans can be consolidated for reduced and easy monthly repayment through this loan.

4. All private banks: Banks have countless schemes which are more or less similar to Federal schemes.

How Much Loan Should I Borrow

Here students and parents should sit and plan the amount to be borrowed. You can calculate loan amount in two ways. One: using an online calculator; the other way is compiling it yourself. Compiling the loan amount is not difficult with certain amount of homework. Some tips here.

1. Decide on the course and college. Public colleges charge about 1/4th of private colleges in tuition fees for 4 years degree and half of it for 2 years degree.

2. There is additional Out-of-District State Charges in case of 4 year public colleges which run into about \$7000.

3. There are sundry expenses including board, books etc which run into \$10,000 in both the cases.

Once you are through with calculation, visit the lender or its website for information on documentation and application.

Source: <http://www.articlecircle.com>

About the Author

NamSing Then is a regular article contributor on many topics. Be sure to visit his other websites <http://www.education-loan-foryou.info>, <http://www.educationforyou.info> and <http://www.researcher-hub.info>