

## Parent PLUS Loan

There are many types of financial aid available to students to assist with the cost of college. There are times, however, when you exhaust all of your resources and still need money to cover your college tuition. If you are a dependent undergraduate student, then your parents can apply for a PLUS loan to help you pay for other educational expenses, such as tuition, room and board, and books.

What is a PLUS Loan?

A PLUS loan is one that your parents or legal guardian can apply for to assist you with your educational expenses. Parent PLUS loans can usually cover the gap between other federal student loans and grants. A credit check is performed for PLUS loans, however they are a little easier to obtain than traditional private student loans. The amount that can be borrowed is equal to the amount of tuition minus all other loans and grants received.

Do you need to fill out the FAFSA?

Yes and No. The FAFSA, Free Application For Federal Student Aid, does not have to be filled out to be considered for a PLUS loan, however, a lot of schools will still require the FAFSA as part of your financial aid package and may not verify the PLUS loan without a FAFSA in your financial aid file.

Where does the money come from?

The money for Parent PLUS loans either come from private lenders under the Federal Family Education Loan Program (FFELP) or the funds may come from the government under the William D. Ford Direct Loan Program. Some states may act as a guarantor under the FFELP program, making it easier for parents to obtain the loan. This means that if your parent defaults on the loan, the state that is guaranteeing the loan and will pay the funds back to the lender, and then your parent will have to pay the guarantor.

Other Parent PLUS Loan Info

- Since these loans are federally guaranteed, the interest rates are usually pretty low, but still carry a higher rate than a Stafford or Perkins Loan.
- PLUS loans are not based on need. There is a credit check, however, it is not as stringent as private banks, making it easier for most parents to obtain the loan.
- Parent PLUS Loan repayment traditionally started about sixty days after disbursement, however starting July 1, 2008, parents have the option of deferring payments on PLUS loans until after graduation. Interest will accrue on the loans during deferral, but the deferment helps by providing more flexibility in the repayment of the loan.
- If your parent is not approved for a PLUS loan due to negative credit, they can apply with a co-signer, or you can resort to other financial aid options, such as private student loans.
- Unlike some private loans offered through banks, PLUS loans do not require any type of collateral.
- There is no income requirement for a PLUS loan, which makes it easy for most parents to obtain the funds needed so that their child can continue their education.
- PLUS loans can be consolidated. If your parent has PLUS loans out for other children, they can consolidate all of the loans, and possibly lower their payments.
- The interest may be tax deductible. Have your parent talk to their accounting professional when filing their taxes.

Remember, a PLUS loan is not free money. It is a loan and has to be paid back. If your parent does not pay back the loan, it will have a negative impact on their credit history.

[Apply for a PLUS Loan Here](#)

