

What are the differences between federal and private student

Federal student loans include many benefits (such as fixed interest rates and income-based repayment plans) not typically offered with private loans. In contrast, private loans are generally more expensive than federal student loans. The chart below provides a summary of the differences.

Federal Student Loans	Private Student Loans
You will not have to start repaying your federal student loans until you graduate, leave school, or change your <i>enrollment status</i> to less than half-time.	Many private student loans require payments while you are still in school.
The <i>interest rate</i> is fixed and is often lower than private loans—and much lower than some credit card interest rates. View the current interest rates on federal student loans.	Private student loans can have variable interest rates, some greater than 18%. A variable rate may substantially increase the total amount you repay.
Undergraduate students with <i>financial need</i> will likely qualify for a <i>subsidized loan</i> where the government pays the interest while you are in school on at least a half-time basis.	Private student loans are not subsidized. No one pays the interest on your loan but you.
You don't need to get a credit check for most federal student loans (except for PLUS loans). Federal student loans can help you establish a good credit record.	Private student loans may require an established credit record. The cost of a private student loan will depend on your credit score and other factors.
You won't need a cosigner to get a <i>federal student loan</i> in most cases.	You may need a cosigner.
Interest may be tax deductible.	Interest may not be tax deductible.
Loans can be consolidated into a <i>Direct Consolidation Loan</i> . Learn about your consolidation options .	Private student loans cannot be consolidated into a Direct Consolidation Loan.
If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.	Private student loans may not offer <i>forbearance</i> or <i>deferral</i> options.
There are several repayment plans, including an option to tie your monthly payment to your income.	You should check with your lender to find out about your repayment options.
There is no prepayment penalty fee.	You need to make sure there are no prepayment penalty fees.
You may be eligible to have some portion of your loans forgiven if you work in public service. Learn about our loan forgiveness programs .	It is unlikely that your lender will offer a loan forgiveness program.
Free help is available at 1-800-4-FED-AID and on our web-sites. https://studentaid.ed.gov	The Consumer Financial Protection Bureau's private student loan ombudsman may be able to assist you if you have concerns about your private student loan.