

SMART REPAYMENT STRATEGIES

- Make small payments while in school to reduce interest
- Set up autopay for interest rate discounts
- Pay more than the minimum when possible
- Refinance cautiously (only if it lowers your rate)



QUESTIONS TO ASK:

- How much should I borrow in total?
- What will my monthly payment look like after graduation?
- Are there alternatives to private loans?

*POLICY UPDATE (IMPORTANT)

* As a result of the One Big Beautiful Bill Act (OBBBA) passed in July 2025, the Federal PLUS loan will have annual and aggregate borrowing limits per student. Starting July 1, 2026, new Parent PLUS loan limits cap borrowing at \$20,000 per year and a \$65,000 lifetime limit per dependent student, replacing the previous rule of borrowing up to the full cost of attendance; parents with existing Parent PLUS loans before July 1, 2026, can continue borrowing under old rules for up to three more years or until the student finishes their program**.

Graduate PLUS loans have been eliminated as a result of the OBBBA. Students with existing GradPLUS loans can continue borrowing under old rules for up to three more years or until the student finishes their program**.



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WHAT ARE PRIVATE STUDENT LOANS?

Private student loans are education loans offered by banks, credit unions, and online lenders – not the federal government.

Key Features:

- Credit-based approval (often requires a co-signer)
- Variable or fixed interest rates
- Less flexible repayment options than federal loans

When to Consider Private Loans:

- After maximizing federal aid (FAFSA, grants, scholarships)
- When additional funding is necessary for tuition, housing, or books

SMART BORROWING

Before You Borrow:

- Exhaust federal loans first
- Borrow only what you truly need
- Compare lenders (rates, fees, repayment terms)
- Understand your total repayment cost

Important Terms to Know

Interest Rate: Cost of borrowing money

Principal: Amount you borrow

Co-signer: Someone who agrees to repay if you cannot

Grace Period: Time after graduation before repayment begins

Pre-Qualification for Private Student Loans

Thinking about a private student loan? Start with **pre-qualification** – a simple, low-risk way to explore your options.

• No Impact on Your Credit

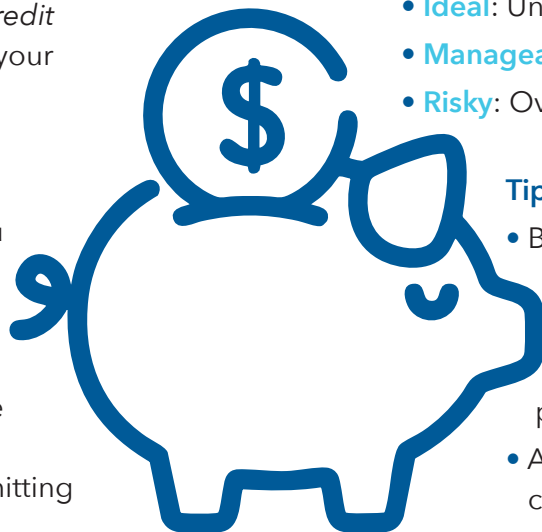
Pre-qualification uses a *soft credit check*, which does **not** affect your credit score.

• Estimate Your Interest Rate

Get a personalized range of potential interest rates so you can better understand what to expect.

• Plan Ahead with Confidence

Compare options and decide which lenders may be the best fit for you – before submitting a full application.



• Know If You May Need a Co-Signer

Pre-qualification can help you determine whether adding a co-signer could improve your chances or lower your rate.

• Why It Matters

Pre-qualification gives you and your family a clearer financial picture, helping you make informed decisions – without any commitment.

KEEP YOUR DEBT-TO-INCOME (DTI) RATIO HEALTHY

$$\text{Your Debt-to-Income Ratio (DTI)} = \frac{\text{Monthly debt payments}}{\text{Monthly income}}$$

Why It Matters:

- Impacts loan approval, renting, and future financial goals

Healthy Benchmarks:

- **Ideal:** Under 20%
- **Manageable:** 20–35%
- **Risky:** Over 35%

Tips to Maintain a Good DTI:

- Borrow conservatively
 - Work part-time or during summers
 - Make interest payments while in school
- Avoid unnecessary credit card debt



HOW TO IMPROVE YOUR CREDIT SCORE

Your credit score affects your ability to get loans and your interest rate.

Top Ways to Build & Improve Credit:

- 1 Pay bills on time**
Payment history is the biggest factor
- 2 Keep credit utilization low**
Use less than 30% of your available credit
- 3 Start building early**
Consider a student credit card or authorized user status
- 4 Avoid too many hard inquiries**
Don't apply for multiple loans/credit cards at once
- 5 Keep old accounts open**
Length of credit history matters
- 6 Check your credit report regularly**
Look for errors and dispute inaccuracies