

# LEARN MORE ABOUT FEDERAL PARENT PLUS LOANS

SUNY Cobleskill  
STUDENT FINANCIAL SERVICES

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# Meet the Student Financial Services Staff



# What is a Federal Parent Plus Loan?

- offered by the federal government
  - available up to the cost of attendance (minor other aid)
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## Who is eligible to apply?

- adoptive or biological parent
- custodial or non-custodial parent

# FEDERAL PARENT PLUS LOANS

## 2021-2022



### + PROS

- Light credit check
- Multiple repayment options
- Can defer payments while in school
- No prepayment penalties
- Borrow up to full attendance cost

### - CONS

- Adverse credit can't borrow
- Loan fees reduce upfront cash
- High rates if payments deferred
- Strong credit borrowers may find better options

\*Data sourced from the US Department of Education



# How do you apply for a federal Parent PLUS loan?

www.studentaid.gov

Federal Student Aid  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

UNDERSTAND AID ▾

APPLY FOR AID ▾

COMPLETE AID PROCESS ▾

MANAGE LOANS ▾

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Complete the FAFSA® Form

FAFSA Deadlines

Filling Out the FAFSA Form

Reviewing and Correcting Your FAFSA Form

Renewing Your FAFSA Form

Apply for a PLUS Loan

Apply for a Grad PLUS Loan

Apply for a Parent PLUS Loan

Endorse a PLUS Loan

Appeal a Credit Decision

Complete PLUS Credit Counseling



## Can I still receive a parent PLUS loan if I have an adverse credit history?

A credit check will be performed during the application process. If you have an adverse credit history, you may still receive a parent PLUS loan through one of these two options:

1. Obtaining an endorser who does not have an adverse credit history. An endorser is someone who agrees to repay the parent PLUS loan if you do not repay it. The endorser cannot be the child on whose behalf you are borrowing.
2. Documenting to the satisfaction of the U.S. Department of Education that there are extenuating circumstances relating to your adverse credit history.

With either option 1 or option 2, you also must complete credit counseling for parent PLUS loan borrowers.

# *Master Promissory Note (MPN)*

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The *Master Promissory Note* (MPN) is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the U.S. Department of Education. It also explains the terms and conditions of your loan(s).

You may receive more than one loan under an MPN over a period of up to 10 years to pay for your or your child's educational costs, as long as the school is authorized to use the MPN in this way and chooses to do so.



# What happens if there is a loan surplus?

- books can be purchased at eCampus starting Aug 17
- refund checks can go to student or parent
- loans can easily be reduced during the semester





# Repayment



## **Parent chooses when first payment starts**

- immediately (March for full year loans)
- up to 6 months after student stops attending college



## **10 year standard repayment**

- graduated or income contingent options may also be available



## **All loans are managed by a loan servicer**

- your servicer will contact you after your loan is disbursed to the college

# Use an online parent PLUS loan calculator to estimate monthly payments

Use this calculator to estimate your monthly payments on [federal direct PLUS loans](#). You can also see the total you'll repay, including interest.

Get a quick payment estimate on a parent PLUS loan.

**Loan amount (\$)**

\$15,880: average PLUS loan amount

**Origination fee (%)**

4.228%: fee for loans made after 10/1/20

**Interest rate (%)**

6.28%: PLUS loan rate for 2021-22

**Term (years)**

10 years: standard repayment period

Calculate



# Good to Know

Parent loans can never be transferred to the student's name

Parent loans must be applied for with parent's FSA ID

A loan application is only good for one year

All loan increases/decreases are handled by the college



# QUESTIONS?

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