

Student Loans

Student loans are a part of most financial aid packages, and when resources are borrowed carefully, they can be an important investment in your future. However, borrowing can feel intimidating at first. This infographic breaks down what's real and what's not about 10 common student loan misconceptions to help students and families make more confident decisions about paying for college.

Myths

vs.

Facts



▶ All student loans are bad.

▶ Federal student loans often have **lower interest rates** and flexible repayment options that private loans may not offer.

▶ If I take out a student loan, I'll be in debt forever.

▶ Most borrowers successfully repay their loans. **Borrowing carefully** can make repayment manageable.

▶ Parents are responsible for their child's loans.

▶ **Students are responsible for loans in their own name.** Parent PLUS Loans are optional and belong to the parent borrower.

▶ You must start repaying loans right away.

▶ Most federal loans don't require repayment until **after graduation or leaving school.** Many include a six-month grace period before repayment begins.

▶ Private loans are just like federal loans.

▶ **Federal loans usually offer more protections,** including income-driven repayment and deferment options.

▶ You should borrow the full amount you're offered.

▶ You can borrow less than the amount offered. **Borrowing only what you need** can lower future payments.

▶ I won't be able to afford loan payments on my starting salary.

▶ Federal repayment plans can **adjust payments based on income,** especially early in a career.

▶ There's no help if I can't repay my loans.

▶ People who struggle with repayment may have **options** such as deferment, forbearance, or income-driven repayment plans.

▶ If I don't understand loans now, I'll figure them out later.

▶ Learning the requirements and terms **before you borrow** helps you compare offers, understand what you're agreeing to, and avoid surprises later.



Key Terms

Deferment: A temporary pause on payments for certain situations; some federal loans don't charge interest during this time.

Forbearance: A temporary pause or reduction in payments; interest usually continues to add up.

Grace Period: The time after leaving school before federal loan repayment begins, often six months.

Income-Driven Repayment: A federal option that sets payments based on income and family size.