



Student Loans – Federal vs. Private

Generally, there are two types of student loans—federal and private. See the chart below for details on the differences between these types of loans.

- Federal loans are funded by the federal government and include:
 - [Direct Subsidized Loans and Direct Unsubsidized Loans](#) (for students)
 - [Direct PLUS Loans](#) (for parents)
- Private student loans are nonfederal loans, made by a *lender* such as a bank, credit union, state agency, or a school.

Subject	Federal Student Loans	Federal Parent Loans	Private Student Loans*
When payments become due	Payments aren't due until after you graduate, leave school, or change your <i>enrollment status</i> to less than half-time.	You (the parent) can choose to put off payments until the student you borrowed for graduates, leaves school, or changes enrollment status to less than half-time.	Many private student loans require payments while you are still in school, but some do allow you to defer (put off) payments while in school.
Interest rates	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.	The interest rate is fixed and may be lower than private loans—and much lower than some credit card interest rates. View the current interest rates on federal student and parent loans.	Private student loans can have variable or fixed interest rates, which may be higher or lower than the rates on federal loans depending on your circumstances.
Subsidies	If you have <i>financial need</i> , you may qualify for a loan for which the government pays the interest while you're in school on at least a half-time basis and during certain other periods. This type of loan is called a " <i>subsidized loan</i> ."	These loans are not subsidized; therefore, you will be responsible for all the interest on your loans.	Private student loans are often not subsidized. In the case of an <i>unsubsidized loan</i> , you will be responsible for all the interest on your loan.
Credit check	You don't need to get a credit check to qualify for federal student loans (except for PLUS loans). For PLUS loans, we will check your credit before determining whether you are eligible. Learn how someone with an adverse credit history may qualify for a PLUS loan.	We will check your credit before determining whether you are eligible. Learn how someone with an adverse credit history may qualify for a PLUS loan.	Private student loans often require an established credit record or a cosigner.
Tax benefits	Interest may be tax deductible.	Interest may be tax deductible.	Interest may be tax deductible.
Consolidation and refinancing	Loans can be consolidated into a <i>Direct Consolidation Loan</i> . Learn about your consolidation options.	Loans can be consolidated into a Direct Consolidation Loan. Learn about your consolidation options.	Private student loans cannot be consolidated into a Direct Consolidation Loan but may be refinanced.
Postponement options	If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.	If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.	You should check with your lender to find out about options for postponing or lowering your loan payments.
Repayment plans	There are several repayment plans , including an option to tie your monthly payment to your income.	There are several repayment plans , including an option to tie your monthly payment to your income if you consolidate your loans.	You should check with your lender to find out about your repayment options.
Prepayment penalties	There is no prepayment penalty fee.	There is no prepayment penalty fee.	You need to make sure there are no prepayment penalty fees.
Loan forgiveness	You may be eligible to have some portion of your loans forgiven if you work in public service. Learn about our loan forgiveness programs.	You may be eligible to have some portion of your loans forgiven if you work in public service. Learn about our loan forgiveness programs.	Although many private lenders do not offer loan forgiveness programs, some student loans from state agencies can be forgiven in certain circumstances.
Where to get help	Contact your loan servicer first. If you have difficulty with your loan servicer, send us feedback.	Contact your loan servicer first. If you have difficulty with your loan servicer, send us feedback.	Contact your loan servicer first. If you have difficulty with your loan servicer, contact the Consumer Financial Protection Bureau for assistance.

*Private loans differ by lender and by type of loan. Be sure you understand the terms of your loan, and keep in touch with your lender about any questions you may have.