

Guide to Supplemental Loans

THIS GUIDE IS DESIGNED TO HELP YOU MAKE THE MOST INFORMED DECISION ON FINANCING YOUR EDUCATION HERE AT TUFTS UNIVERSITY SCHOOL OF DENTAL MEDICINE.

Navigating the world of student loans can be quite a challenge. There are many types to choose from, and understanding the benefits and drawbacks of each program can become complicated. By reviewing this guide, we hope that you will be able to better understand your options and make the best financing decision for you and your family.

Tufts University School of Dental Medicine is in no way associated with any education loan lender. Our office will process a loan from any lender, and it is your right to apply for loans through the lender of your choice. If you have any questions about the loan application process or any of the information contained in this guide, please do not hesitate to contact us. We are here to help!

Tufts University School of Dental Medicine

Financial Aid Office

1 Kneeland Street | Boston, MA 02111

Phone: 617-636-6640

Fax: 617-636-2153

Web: dental.tufts.edu/admissions/financial_aid

Twitter: @TuftsFinAid

What to know *before* you borrow...

BEFORE MAKING THE DECISION TO BORROW A SUPPLEMENTAL LOAN, PLEASE CONSIDER THE FOLLOWING:

- **Have you exhausted your financial aid eligibility?** Many favorable loan and grant options are available to eligible US/Permanent Residents enrolled in the accredited programs at TUSDM. If you have not yet done so, make sure to review the program information on our website so that you can be considered for the most favorable aid before utilizing supplemental options.
- **Have you reviewed your credit report?** Though standards differ significantly (more on this later), the Grad PLUS Loan and all Private Education Loans (PELS) are based on the creditworthiness of the borrower and/or their cosigner. If you have not yet done so, we encourage you to review a free copy of your credit report from www.annualcreditreport.com. Each credit borrower in the United States is eligible to receive on free copy of their credit report every 12 months from each of the three credit reporting agencies.
- **Have you developed a realistic budget for yourself?** Supplemental loan options can be quite expensive. Many of the loans covered in this guide carry interest rates that are higher than other more favorable loan programs. Before requesting the Grad PLUS Loan or any PEL, please make sure to develop a realistic budget. To keep your payments down later, *borrow only what you need*.

So, you've decided that you need additional funding to attend Tufts Dental School. Where do you start?

The Grad PLUS Loan and all Private Education Loans (PELs) are what we refer to as **supplemental loans**. They are intended to supplement, or be used in conjunction with, the other more favorable financial aid programs for which you may be eligible. These loan programs are intended to “fill in the gap” left over after student and family contributions, scholarships, and other favorable financial aid programs.

Federal Direct **Grad PLUS** Loan

A FEDERALLY-BACKED SUPPLEMENTAL LOAN FOR WHICH CREDITWORTHY US CITIZENS AND PERMANENT RESIDENTS ATTENDING AN ACCREDITED PROGRAM MAY APPLY.

The Good, The Bad, & The Ugly

Because Grad PLUS Loans are federal loans, they may be consolidated with other types of federal student loans (such as Direct, Stafford, Perkins, or Health Professions) after graduation.

Also, because the Department of Education reviews only your credit history (not your credit score), students with a limited borrowing history may have an easier time being approved than for private student loans.

The Department of Education uses lots of companies to service Grad PLUS Loans, so it can be confusing to determine who to contact if you have questions. Your loan servicers may vary from year to year (and from loan to loan), so it's really important that you keep track of who is currently holding your loan(s).

Because the Grad PLUS Loan carries a fixed interest rate of 7.9% for all borrowers regardless of credit history, students with stellar credit may wind up paying more over time than if they had sought out a PEL with rates based on creditworthiness.

How to Apply

To apply for the Grad PLUS Loan, you will need to fill out a Free Application for Federal Student Aid (FAFSA) and submit all required financial aid application materials to the Financial Aid Office.

Private Education Loans (PELs)

PRIVATELY OWNED STUDENT LOANS OFFERED BY COMPANIES SUCH AS BANKS OR CREDIT UNIONS. CREDITWORTHY US CITIZENS, PERMANENT RESIDENTS, AND FOREIGN STUDENTS MAY APPLY.

The Good, The Bad, & The Ugly

Because rates are based on the credit worthiness of borrowers, students with excellent credit may be able to secure a loan with an interest rate that is much lower than the Grad PLUS Loan--sometimes as low as 2%-3%.

Most (but not all) PELs have a variable interest rate, meaning that your rate will fluctuate over time. Even if your initial rate is low, it will likely not stay there forever. Additionally, a lack of consolidation options means that it can be difficult to "lock in" an interest rate on a PEL. Some PELs allow students to choose a fixed-rate option that starts at a higher percentage than a variable rate loan.

Private companies generally offer limited repayment options, and may charge a hefty fee for placing your loan into a forbearance or changing your repayment schedule post-graduation. Most PELs have a *maximum* repayment term of 5-15 years. Additionally, you cannot consolidate a PEL with any federal student loans.

How to Apply

You apply for a PEL each year through whichever company you choose as your lender. Most companies offer online applications. A list of the most popular lenders utilized by TUSDM students is available on our website.

How Do You Choose?

THE GRAD PLUS LOAN AND PRIVATE EDUCATION LOANS ARE VERY DIFFERENT.

Each program has benefits, and each program has drawbacks. Our office may offer some guidance in choosing between borrowing a Grad PLUS and borrowing a PEL, however it is ultimately up to you to make a decision on what loan program is right for you, your family, and your future.

Here are some things you may want to consider:

- **If you have limited borrowing history and no option for a co-signer**, then you may want to consider a Grad PLUS Loan.
- **If you have excellent credit (or a co-signer with excellent credit)**, then you may be approved for a lower rate on a PEL.
- **If you know that you can pay your loan off within a few years post-graduation** and may be approved with a low interest rate, then a PEL may be the cheapest option for you.
- **If you know that your salary post-graduation may be low**, keep in mind that the Grad PLUS Loan has flexible repayment terms, including several plans that base your monthly payment on your income. Additionally, income-based repayment plans allow for loan cancellation after a certain number of years, and a Public Service Loan Forgiveness option is available for students working in the public sector.

A more detailed side-by-side comparison of Grad PLUS and Private Education Loans can be found on the following pages.

Please do not hesitate to contact your financial aid coordinator if you have any questions. We are always here to help!

Rosemary Hilliard

*Assistant Director, Financial Aid
Coordinator for classes D18, D20, and DIS
Phone: 617-636-3850
Email: Rosemary.Hilliard@tufts.edu*

Nikki Lowe Lane

*Associate Director, Financial Aid
Coordinator for classes D17, D19, and DPG
Phone: 617-636-6640
Email: Nikki.Lowe@tufts.edu*

Grad PLUS Loans vs. Private Education Loans

	Federal Direct Grad PLUS Loan	Private Education Loan
Interest Rate	16-17 fixed rate of 6.31%	Both variable and fixed rates available. Recent rates 2.25%-21%
Origination (Disbursement) Fees	4.272%	Varies by lender – 0%-5%
Maximum Loan Amount	Cost of Attendance less other financial aid received.	Cost of Attendance less other financial aid received. Additional limits may be imposed by the lender.
Credit Requirements	Student must not be 90 days or more delinquent on any debt. Student must not be in default on any federal loan.	Loan approval and pricing is based on creditworthiness.
Enrollment Status	At least half-time as defined by the school.	Varies by lender. Most PELs require half-time status, however some offer products for students enrolled less than half-time.
Cosigner Requirements	No. If the student has adverse credit history, an endorser may be required.	No, but opting to use a cosigner may help the borrower qualify and/or receive a lower interest rate.
Cosigner Release Option	No.	Yes. Many lenders offer cosigner release after the student has made a certain number of on-time payments.
Borrower Benefits	0.25% interest rate reduction for enrollment in automatic debit (ACH) payments.	Varies by lender. Many companies offer interest rate reductions for utilizing ACH payments.
Loan Forgiveness	Yes. If borrower dies or becomes permanent and totally disabled, the loan may be eligible to be discharged.	Varies by lender. Some lenders waive the remaining balance in the event of the primary borrower's death.
Application Procedures	FAFSA & institutional financial aid application materials.	Varies by lender. Most offer an online application.
Deferment Provisions	All payments (both interest and principal) are deferred until six months after a student graduates, withdraws, or drops below half-time enrollment.	Varies by lender, though most allow students to defer payment while a student is enrolled.
Repayment Options	Standard, Graduated, Extended, Income-Based, Pay As You Earn (PAYE), Consolidation, Public Service Loan Forgiveness plans are available to borrowers who meet eligibility criteria.	Varies by lender. Generally offer limited options beyond a standard 5-15 year repayment plan.
Repayment Period	10-30 years, depending on amount borrower and repayment plan selected.	Varies by lender. Typically 5-15 years.
Consolidation	Eligible to be consolidated into a Direct Consolidation Loan with any other federal student loan (Direct, Perkins, and HPSL/LDS)	No.
Eligibility for Foreign Students	No.	Varies by lender. All lenders who allow foreign students to apply require a creditworthy co-signer who is either a US Citizen or Permanent Resident.