

# Financing education: Student loans

*While the ideal way to finance your education is through personal funds, scholarships and grants, you may end up having to use student loans to finance part of your education.*

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The economic downturn has hit the global community. It's affected virtually every piece of the financial picture – including financing an education. It is certainly an unfavorable time for both student loan applicants and lenders. Given the current economic conditions, you may have to apply for loans. But, on the same note, it is important to make careful considerations before applying for a student loan.

## **Start early**

Given lenders' lack of enthusiasm in providing student loans, it is vital to begin the application ahead of time. The earlier you start the more options you will have before major lenders close out on their student loan business.

## **Educate yourself**

Get familiar with the language of student loans. Research the process thoroughly, learning about all the variables of loans including interest rates and payment terms. List potential lenders during your research and compare their terms.

## **Compare your options**

Student loan options fall under government-sponsored and private lender categories. Make sure to evaluate all types of loans and research the institutions that offer them before you commit.

## **Evaluate your credit standing**

Check your credit score. If it is not at an optimal level, take steps to improve your credit standing. You can find tips on how to improve your score on the [U.S. Federal Reserve site](#). It is in your best interest, and will get you the best interest rate, to raise your credit score as high as possible.

## **Examine the fine print**

Read and understand the fine print before you proceed with the student loan application. Make sure there are no hidden “gotcha’s.” Tedious though it may be, time invested now could save you a lot of money in the long run.

## **Consider federal loans**

First on your list should be those student loans offered by the federal government. These loans typically offer lower interest and protection against sudden spikes in interest rates. Even though these are government loans, you should still read the fine print to understand the complexities involved.