



FINANCE AND ADMINISTRATION CABINET
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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Financial Aid Tip for Students, July 2016

Private loans bridge gap between college costs, other student aid

Most college-bound students qualify for financial aid to help pay for their education, such as federal and state grants, scholarships and Federal Stafford and PLUS Loans. In addition, local scholarships are often available, according to the Kentucky Higher Education Assistance Authority (KHEAA). A parent can also borrow a federal loan to help pay their child's college costs.

Those programs make it easier to pay for college. However, they may not cover all the costs. When that happens, many people turn to private student loans, also called alternative loans.

The interest rates on private loans largely depend on the borrower's credit rating. So some students and parents may have to pay higher interest rates than they would on federal student loans. In addition, many lenders require students to have a cosigner, and some require the college to certify that the student needs the loan.

Students and parents are encouraged to do research before committing to any loan. They should compare the loans offered by various lenders to find the best possible deal.

KHEAA is the state agency that administers Kentucky's student financial aid programs, including the Kentucky Educational Excellence Scholarship (KEES). Its sister agency, the Kentucky Higher Education Student Loan Corporation (KHESLC), offers Advantage Loans to help students and parents pay for college or to refinance student loans. For more information about Advantage Loans, visit www.advantageeducationloan.com.

For more information about Kentucky scholarships and grants, visit www.kheaa.com; write KHEAA, P.O. Box 798, Frankfort, KY 40602; or call 800-928-8926, ext. 6-7214.

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