IOWA STUDENTLOAN®

# Making the Right Choice for Your Family

If supplemental funds are needed to fill the gap between total college costs and available financial aid and other resources, your family has some options.

1. Your student can apply for a student loan in his or her name. You or another family member may need or want to cosign the application for your student to be approved or receive a better rate.
2. Colleges typically offer monthly payment plans if you or your student will have the needed funds later in the academic year.
3. You can apply for a loan (private or federal parent PLUS) in your name to help limit the amount of debt your student will owe after graduation. It's important to understand that if you take out a loan in your name, your student has no obligation to repay the loan and it is not transferrable to the student after college.

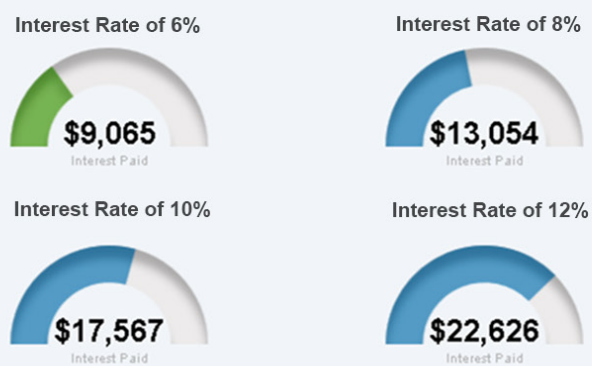
## Comparing Parent Loan Options

If you decide a parent or family loan is a better alternative than a student loan for your family, you also have choices. While federal loans for **students** often offer better terms and repayment choices than private student loans, the terms and repayment choices are not as generous when it comes to federal loans for **parents**. Banks and specialized lenders also offer private education loans for parents or others who wish to borrow on behalf of a student.

When comparing parent loans, it can be easy to focus on the lowest rate a lender offers. Don't forget about their highest rates.

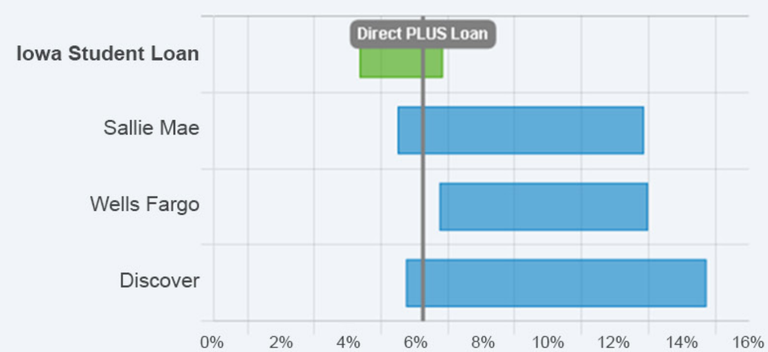
### Total Interest Paid on a $10,000 Loan

These gauges show the different estimated interest costs based on fixed rates. Shopping around to find the lowest rate you qualify for can help you save on interest costs.[1]




### Compare Our Rate to National Lenders

Compare our College Family Loan fixed APRs to parent loan fixed APRs offered by other lenders. The ranges cover a variety of repayment options and include potential discounts.[2]




[1] These calculations assume the borrower makes no payments while the student is enrolled in school and during a six-month separation period, for a total of 51 months where repayment is deferred. The interest rate is assumed to be the same during the in-school period and separation period and once the borrower enters a 15-year repayment period. No origination fees are included in these examples. Repayment plans that require interest-only monthly payments or principal and interest payments during the in-school period may result in smaller total interest charges.

[2] Many lenders only offer limited information about their actual rates upfront. They do not provide all the rate details within the range of rates depicted on this graph. The specific rate an applicant is offered will be determined by the loan type selected and the applicant's or, if applicable, the cosigner's, credit history and credit score. Annual percentage rates (APRs) were retrieved from the lenders' websites on July 27, 2020, for fixed-rate loans for parent or family borrowers while the student for whom the loan is being requested is enrolled at least half time. The ranges contain rates offered to applicants with a wide range of credit scores and for a variety of repayment options and terms.

**Note:** Only customers with an outstanding balance on a Wells Fargo Private Student Loan are eligible to be borrowers on a new Wells Fargo Private Student Loan for the 2020–2021 academic year.

Because each lender offers different in-school repayment options and different repayment terms, an identical loan comparison between lenders is not possible. However, the APRs in the chart are listed as the highest and lowest available rates for each lender. For complete details on how APRs were calculated, visit the lenders' websites. The U.S. Department of Education does not provide APR calculations for federal loans. As a guide for comparing costs, however, the costs of the Federal Direct PLUS Loan is approximately equivalent to an APR of 6.25%, which is based on borrowing $10,000, a 4.236% origination fee and a fixed interest rate of 5.30% during the 120-month principal and interest repayment period. APRs may be different for different types of loans. For this example, a 0.25% auto-debit interest rate reduction (repayment benefit) has been included in Iowa Student Loan's lowest APR.

Before applying for an education loan from any lender, you should consider additional characteristics, including: credit requirements, monthly payment amount, origination fees, capitalization frequency, borrower benefits and protections, repayment term, when repayment begins, and the total amount to be repaid over the life of the loan.

## Helping Parents Avoid High-Rate Education Loans

Iowa Student Loan® firmly believes that students and families should work with financial aid professionals at their respective colleges and universities to explore and exhaust all sources of student financial aid before considering other college funding options. If additional borrowing to cover college costs is necessary, it's important that borrowers research and find the lowest-cost loan option for them.

### College Family Loan Benefits

There are several private loans specifically created for parents, family members and others who wish to borrow on behalf of a undergraduate or graduate student to help with college costs. The fixed-rate **College Family Loan®** is different than many of those loans as it was created to be flexible for multiple situations and the information we provide for the loan is presented upfront in clear language.

- With the College Family Loan, you choose what type of repayment works best for your situation while your student is in school. You may want to treat this type of loan like any other and begin repaying immediately (either principal and interest or interest only) to keep costs down and receive a lower rate. Or you may want to postpone making required payments if your available funds are going toward college costs or other expenses during the year.
- We provide rate information upfront — with required credit criteria provided online — so that you have that information and can anticipate your rate before you apply. Other lenders publish a range of rates without disclosing how you qualify for the lowest rate. **In addition, you can pre-qualify on our website for the loan, with no impact to your credit, to see the exact rates you are eligible for before completing an application.**
- There are no upfront or late fees for the College Family Loan.
- Students do not have to be attending an Iowa college or university and borrowers do not have to be Iowa residents to receive a College Family Loan.
- Once you enter repayment, you can reduce the amount of interest you repay by choosing to make payments using our auto-debit program. College Family Loan borrowers earn a 0.25% interest rate reduction[1] when they sign up to have principal and interest payments automatically withdrawn.

### Do Your Research

It's important to remember that no single loan program is best for **all** students' families. Check out different loans online and determine which works best for your situation.

[1] The 0.25% interest rate reduction will apply to loans once payments begin to be automatically deducted. The reduction will remain in effect as long as automatic payments continue **without interruption** during the repayment period. The 0.25% interest rate reduction will not lower the monthly payment amount but will instead reduce the interest amount that accrues. The interest rate reduction will be suspended during approved assistance or if automatic payments are rejected due to insufficient funds.

Subject to credit approval, loans are made by Iowa Student Loan or Bank of Lake Mills. Bank of Lake Mills does not have an ownership interest in Iowa Student Loan. Bank of Lake Mills is not affiliated with the school you attended or are attending. Bank of Lake Mills is Member FDIC. Loan servicing, including billing and other customer service, will be provided by Aspire Servicing Center.