



Module 5

1. If you need a loan to help with college costs it should be a Federal Student Loan. What is NOT true regarding federal student loans?

Answer _____

- They are usually less expensive (have lower interest rates and fees) than other types of loans a student can get.
- They are easier to get (the student's credit history is not considered).
- The interest rates are higher on these loans than most other types of student loans.
- They have repayment plans that are usually better than most other loans used to meet the costs of college

2. The two main kinds of Federal Student Loans that may be available to a student are:

Answer _____

- Pell and PLUS.
- Perkins and Stafford.
- PLUS and IRA.
- IRA and Stafford.

3. If a student doesn't make satisfactory academic progress, as defined by their school, they could lose eligibility for federal student aid.

Answer _____

- True
- False

4. Which is NOT true regarding private education loans?

Answer _____

- The borrower usually has to pass a credit history check.
- Repayment plans are usually not as flexible as Federal Student Loans.
- Interest rates and fees are usually lower than Federal Student Loans.
- Interest rates and fees are usually higher than Federal Student Loans.
- Visit www.mycollegemoneyplan.org for additional resources and information



5. Why are home equity loans riskier than some other types of loans? Answer _____

- a. Because the interest rates on these loans are usually higher than credit card interest rates for the same person.
- b. Because your home is used as collateral for the loan, meaning that if you fail to make the payments, the lender could foreclose on your home.
- c. Because payments are usually required on a weekly basis.
- d. None of the above are true.

6. All of the following are reasons not to cash in a retirement savings to pay for college expenses EXCEPT:

Answer _____

- a. You may have to pay penalties for withdrawing funds before you reach a certain age.
- b. If you withdraw the funds as a loan and you stop making payments, the amount left in the loan becomes a withdrawal and you might have to pay a tax penalty.
- c. You could cheat yourself out of the future value of what you are taking out.
- d. All of the above are true.

Name: _____

WSUId: _____