



FOR IMMEDIATE RELEASE

Contact: My College Planning
Michael P. Zoli, President
315-256-5600

John J. Ruman, Vice President
315-440-0068

College Federal Student Loans Programs May Not Be Your Best Option

Congress just raised interest rates on the Federal student loan program across the board. The Stafford loan rates (student loans) will have more than doubled in the last few years from 3.37% in the 2004-2005 school year, to 6.8% for the 2006-2007 school year. The Plus loans rates (parental loans) will also double; from 4.17% to 8.5% during the same timeframe. These changes take affect July 1st 2006 as part of Congress's largest single cut in monetary terms ever made to the Federal student loan program.

In addition to these drastic rate increases, Congress also expanded the amount students can borrow in the first two years of college. In the new law, students can borrow \$3,500 freshman year & \$4,500 sophomore year, versus the old law of \$2,625 and \$3,500 respectively. The aggregate total for undergrads is still \$23,000. What does this mean? Since statistically, two out of three students attend school for more than four years, a large amount of students will have a financial shortfall in their fifth or more years. This means more loans in the parents' name or considering other borrowing strategies.

Michael Zoli, president of My College Planning says most students and parents have not realized how the increase in loan rates will substantially affect the amount being repaid by borrowers. "It is going to be important to look at other loan programs that are available to families for financing college. Direct lending programs through local and national banks may be comparable and home equity loans may also be an option. Even private loans, cash value from life insurance and borrowing from relatives are all possibilities. Every family is different and needs individual attention. It's important that families sit down with a college planning professional to go over what is best in their particular situation."

"With school costs growing much faster than the cost of living, we are seeing loans become more and more prevalent in financial aid packages. With Congress looking to eliminate funding for the Perkins Loan, we don't expect this trend to end anytime soon," said Zoli.

www.MyCollegePlanning.com