

GolbenoMinds | Loan Basics Guide (Student-Friendly)

A simple guide to understanding student loans before you borrow

What Is a Student Loan?

A student loan is money you borrow to help pay for college.
Unlike scholarships or grants, **loans must be repaid**, usually with interest.

Types of Student Loans

Federal Student Loans

Loans provided by the government.

- ✓ Lower interest rates
 - ✓ Flexible repayment options
 - ✓ Payment can be delayed while you're in school
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Private Student Loans

Loans from banks or private lenders.

- ⚠ Higher interest rates
 - ⚠ Fewer repayment protections
 - ⚠ Often require a co-signer
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Interest (In Simple Terms)

Interest is the extra money added to a loan over time.

- Lower interest = less money repaid
- Higher interest = more money repaid

💡 Even a small interest difference matters long term.

When Do You Repay Loans?

Most student loans offer a **grace period**:

- Repayment usually starts **after graduation or leaving school**
- Grace periods are typically **6 months**

Subsidized vs Unsubsidized Loans

Subsidized Loans

- Government pays interest while you're in school
- Based on financial need

Unsubsidized Loans

- Interest starts adding immediately
- Not based on financial need

How Much Should You Borrow?

Ask yourself:

- ☐ Do I really need this loan?
- ☐ Have I used scholarships and grants first?
- ☐ Can I estimate how much I'll repay later?

💡 Borrow only what you need — not the maximum offered.

Understanding Repayment

Repayment depends on:

- Total loan amount
- Interest rate
- Repayment plan chosen

Longer repayment = smaller monthly payments
But → **more interest over time**

Common Loan Mistakes to Avoid

- ☐ Borrowing without understanding interest
 - ☐ Ignoring repayment terms
 - ☐ Taking private loans first
 - ☐ Borrowing more than necessary
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Smart Loan Tips

- ✓ Use scholarships & grants first
 - ✓ Prefer federal loans over private loans
 - ✓ Keep track of how much you borrow
 - ✓ Ask questions before accepting a loan
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Important Reminder

Loans can help make college possible, but they are a long-term responsibility.
Always understand what you're borrowing before accepting.