

PARENTS, CONSIDERING AN EDUCATION LOAN FOR YOUR STUDENT? CHOOSE THE SMART OPTION.

Sending a child to college can be one of the most important investments your family ever makes. Whether you'll assume 100% of the cost of your student's higher education or just a part of it, you should consider all of your family's education funding options before making a decision.

Some Questions You Should Ask:

Smart Option Student Loan (Fixed Repayment Option)

Parent PLUS Loan

Do I prefer to have the loan in the student's name?

▶ **Yes.** The Smart Option Student Loan[®] is in the student's name. As a cosigner you can help them get approved for the loan, secure a lower interest rate, and even make payments.

▶ **No.** A Direct Loan Parent PLUS Loan is in the parent's name for the entire life of the loan.

Can full responsibility for repaying the loan be transferred to the student?

▶ **Yes.** The student can apply to have you released as the cosigner after just 12 consecutive on-time principal and interest payments.¹

▶ **No.** The parent is making a commitment to repay the loan for the life of the loan.

What is the interest rate?

▶ **3.88% – 11.25%** Variable interest rate
(3.85% – 10.48% APR)
 (LIBOR + 3.50% to LIBOR + 10.875%)
 The one-month LIBOR rate effective on July 26, 2010 is 0.375%.

▶ **7.9%** Fixed interest rate

What are the disbursement or repayment fees?

▶ **0%**

▶ **4% fee.** 2.5% is deducted from the loan proceeds at disbursement. If the parent fails to make the first 12 payments on time, the remaining 1.5% of the fee is charged by being added to the loan balance.

What borrower benefits are available?

▶ A **0.25%** interest rate reduction is available while enrolled to make monthly payments by automatic debit.²
 Earn **2%** of the scheduled monthly payment back in rewards for on-time payments while in school.³

▶ A **0.25** percentage point interest rate reduction is available while enrolled to make monthly payments by automatic debit.
 A **1.5%** rebate (in the form of a credit) is offered at disbursement based on the amount borrowed. If parent fails to make first 12 monthly payments on time, the amount of the credit is added back into the principal balance. (See fee information above.)⁴

APPLY TODAY! SallieMae.com/SmartChoice

Degree-granting institutions only.

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Parent PLUS Loan

What's the minimum payment amount in repayment?

How long will my repayment term be?

What if my child is attending school on a less-than-half-time basis?

Is loan forgiveness available?

Is there a rewards program associated with the loan?

▶ **\$25** while in school.⁵

▶ **5-15 years.**

▶ Available to students attending full time, half time, or less than half time.

▶ **Yes.** If the primary borrower dies or becomes permanently and totally disabled, then Sallie Mae® will waive all remaining payments on the loan.⁹

▶ **Yes.** Join Upromise® by Sallie Mae and you can earn rewards while you shop online, dine out, buy groceries, book travel, fill your gas tank, and much more. You can then use your Upromise earnings to help pay down your Sallie Mae student loan.

▶ **\$50** with the standard plan. If parent chooses deferment, no payments are required during school and for six months after the student leaves school or drops below half-time.⁶

▶ **10-25 years.**^{6 and 7}

▶ Not applicable. The student must be enrolled at least half time.⁸

▶ **Yes.** If the primary borrower or student beneficiary dies, or if the primary borrower becomes permanently and totally disabled, then the remaining payments on the loan will be waived if certain conditions are met.¹⁰

▶ **No.**

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SallieMae®
Dream. Invest. Succeed.®

Sallie Mae Smart Option Student Loans are made by Sallie Mae Bank® or a Sallie Mae lender partner. Sallie Mae borrower benefit information is valid as of July 26, 2010.

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Terms and conditions apply to the Upromise service. Participating company, contribution levels and terms and conditions are subject to change at any time without notice. Go to upromise.com to learn more.

¹ To qualify for cosigner release, borrower must have successfully completed school, made 12 consecutive on-time principal and interest payments, meet age of majority requirements, be a U.S. citizen or permanent resident and meet the underwriting requirements when the release request is processed. Account must remain current until the request for cosigner release is processed.

² Benefit for enrolling in monthly recurring automatic debit payments is available for as long as monthly payment is successfully deducted from the designated bank account. Benefit is suspended during periods of forbearance and certain deferments.

³ 2% reward is available during initial in-school and separation period only. If borrower leaves school but returns later, the reward will not be available for any subsequent in-school period. Primary borrower must be of the age of majority in his or her state of residence (typically 18 years old) and must indicate current Upromise membership or enroll in Upromise at the time of loan application. To be eligible to receive the 2% reward, the borrower may not have had two consecutive scheduled payments past due on the loan for which the benefit is available. If the borrower has two consecutive scheduled payments past due, he or she will no longer be eligible for the reward on that loan. If all conditions are met, primary borrower will earn 2% of the scheduled payment amount in Upromise rewards into his or her Upromise account for each on-time payment. The 2% reward is not earned on payment amounts in excess of the scheduled payment. Benefit is subject to the terms and conditions of the Upromise service (as may be amended from time to time), including without limitation, restrictions on conversion, transfer and redemption of rewards, reward denomination, including whether and under what circumstances the rewards have independent cash value, and terms relating to fees and/or the forfeiture of rewards.

⁴ This information was gathered from <https://www.dl.ed.gov/borrower/0ctrHelpPage.do?cmd=initializeContext&APageID=0ctrFaqA128> on August 13, 2010.

⁵ \$25/month fixed payment repayment option is available for new loan applications initiated on or after June 28, 2010, and is subject to change. The savings example uses approximated numbers, is for informational purposes only and is an example of loan terms available through the Smart Option Student Loan. Savings are based on the following assumptions: A \$10,000 Smart Option Student Loan made to a freshman borrower at a degree-granting institution with two disbursements and a 10.05% APR (Interest rate of LIBOR + 10.375% (LIBOR of 0.375% as of 7/26/2010) and no origination fee or disbursement fee). APR may increase after consummation. Repayment consists of 51 fixed \$25/month payments (in-school period of 45 months plus separation period of 6 months), followed by 119 principal and interest payments of \$179.79 per month and one payment of \$115.65 for total payments of \$22,786 (finance charge of \$12,786). Compare against a traditional 15-year private student loan for \$10,000 where payments are deferred during school and grace periods, an estimated APR of 9.97% and repayment consisting of 179 principal and interest payments of \$162.11 per month and one payment of \$41.83 (following a 45-month in-school period and 6-month grace period, after which accrued interest is capitalized) for total payments of \$29,060 (finance charge of \$19,060).

⁶ This information was gathered from <http://www.directed.gov/RepayCalc/dlindex2.html> on August 12, 2010.

⁷ Repayment period up to 25 years is only available to borrowers who meet certain conditions, including having borrowed more than \$30,000 in loans through the Direct Lending program. Otherwise, the standard repayment period is 10 years.

⁸ This information was gathered from <http://www.directed.gov/parent.html> on August 12, 2010.

⁹ Loan forgiveness is available for all Smart Option Student Loans made since March 2009; however it is not available to borrowers residing in Alaska or Montana.

¹⁰ This information was gathered from <http://www.directed.gov/cancellation.html> on August 12, 2010.

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