

Best Private Student Loans Of 2020

By **Brianna McGarran**
Senior Writer

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Private student loans are best used to pay college costs after you've exhausted the maximum you qualify for in both **subsidized and unsubsidized** federal student loans.

Private student loans come from banks, credit unions and online lenders, and unlike federal student loans for undergraduates, they require a credit check. That means most undergrads will need a co-signer in order to qualify. Private student loans also are more expensive than federal loans—especially now that federal loan rates are at historic lows—and typically don't offer the flexible repayment options that federal counterparts do.

That's why there is no five-star leader on our list of private student loans: In the vast majority of cases, the best college financing option is a federal student loan.

But if you need a private loan to afford college, we've identified the best undergraduate private student loans to consider. Many companies also offer loans for graduate students and parents, but we did not rate those products for this list.

As you consider your options, look at the overall cost of the loan—including its interest rate and fees—and what the lender offers if you have trouble affording your payments. Just one of the lenders on this list charges origination fees, and all except for one wait until at least 120 days of nonpayment before putting loans into default status.

When comparing rates, know the low end of the rate ranges will only be available to those with good or excellent credit scores. Also, rates listed below include a standard 0.25% interest rate discount for using automatic payments.

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 Co-signer

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In This Post

Best Private Student Loans

Ascent

Ascent
4.5 ★★★★★

Variable APR: 2.73% to 13.01%
Fixed APR: 3.62% to 14.50%

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Rhode Island Student Loan Authority

Rhode Island Student Loan Authority
4.2 ★★★★★

Variable APR: N/A
Fixed APR: 3.99% to 5.24%

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SoFi

SoFi
4.5 ★★★★★

Variable APR: 1.50% to 11.60%
Fixed APR: 4.23% to 11.70%

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College Ave

College Ave
4.3 ★★★★★

Variable APR: 1.24% to 11.98%
Fixed APR: 3.99% to 12.99%

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Funding U

Funding U
4.5 ★★★★★

Variable APR: N/A
Fixed APR: 6.49% to 14.35%

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Discover

Discover Private Student Loans
4.5 ★★★★★

Variable APR: 1.24% to 10.99%
Fixed APR: 4.24% to 12.39%

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A.M. Money

A.M. Money
4.5 ★★★★★

Variable APR: N/A
Fixed APR: 7.53% to 8.89%

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Citizens Bank

Citizens Bank
4.5 ★★★★★

Variable APR: 1.20% to 10.87%
Fixed APR: 4.23% to 11.04%

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PNC Bank

PNC Bank
4.5 ★★★★★

Variable APR: 4.49% to 11.49%
Fixed APR: 3.20% to 10.20%

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Tips for Comparing Private Student Loans

As you prepare to get a private student loan, don't wait for your school to decide how much of a loan you can handle, do the due diligence yourself. Experts recommend borrowing no more than what you'll most likely earn in your first year out of college. This can protect you from having unmanageable monthly payments after you leave school.

Some private student loan lenders don't cap the amount of money you can borrow each year, but yours may. As you evaluate which loan suits you best, find out how the loan will be disbursed and what costs it will cover.

When picking a private student loan, make sure to review the interest rate, its terms for co-signers, any discounts and your repayment options.

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Methodology

We scored 12 lenders that make the most loans by volume across 15 data points in the categories of interest rates, fees, loan terms, hardship options, application process and eligibility. We chose the nine best to display based on those earning three stars or higher.

The following is the weighting assigned to each category:

- Hardship options: 30%
- Application process: 16%
- Loan terms: 14%
- Interest rates: 12%
- Eligibility: 14%
- Fees: 12%

Specific characteristics taken into consideration within each category included number of months of forbearance available, economic hardship repayment options available beyond traditional forbearance, perks like cash-back rewards upon graduation, discounts, time to default, disclosure of credit score and income requirements and other factors.

Lenders who offered interest rates below 10% scored the highest, as did those who offered more than the standard 12 months of forbearance, who made their loans available to non-U.S. citizens, who offered interest rate discounts beyond the standard 0.25% for automatic payments, who offered multiple loan terms lasting out at 15 years and who charged minimal fees.

In some cases, lenders were awarded partial points, and a maximum of 2% of the final score was left to editorial discretion based on the quality of consumer-friendly features offered.

Best Private Student Loans Ratings

Rank	Company	Score out of 100 possible points	Forbes Advisor Rating
1	Ascent	92	★★★★★
2	RISLA	79	★★★★☆
3	SoFi	75	★★★★☆
4	College Ave	68	★★★★☆
5	Funding U	66	★★★★☆
6	Discover	65	★★★★☆
7	A.M. Money	63	★★★★☆
8	Citizens Bank	60	★★★★☆
9	PNC Bank	60	★★★★☆
10	State Street	58	★★★★☆
11	CommonBond	47	★★★☆☆
12	Everest	45	★★★☆☆

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Private Student Loan FAQs

- ✓ **How are interest rates determined for private student loans?**
- ✓ **What is 'no-signer release'?**
- ✓ **Do private student loans allow deferment or forbearance?**
- ✓ **Which fees should I look out for when choosing a private student loan?**

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Some offers are not available in all states. For the best of our knowledge, all content is accurate as of the date posted, though offers and rates may be subject to change or withdrawal. The options presented on this page are not intended to constitute an offer or recommendation by any lender.

By **Brianna McGarran**
Senior Writer

Brianna McGarran is the Loans Analyst for Forbes Advisor. Most recently, she was a staff writer and spokesperson at NextAdvisor, where she wrote "Ask Brianna," a financial advice column syndicated by the Associated Press. As a spokesperson, she also contributed her expertise to outlets including The New York Times, ABC World News Tonight and the Today Show.

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