	BORROWER	PROS	CONS	FINE PRINT	CAN YOU DEFER PAYMENT
401K LOAN	You – the parents	Interest rates tend to be lower than with student loans. You pay yourself back, not a third-party lender.	Tapping into long-term savings means you'll have less saved for retirement. There's a **10% EARLY-WITHDRAWAL PENALTY** for those **YOUNGER THAN 59½** if the loan is notpaid back.	You are legally obligated to **PAY BACK THE MONEY WITHIN FIVE YEARS,** usually via quarterly or monthly payments. If the borrower gets laid off or changes jobs, they can either pay back the loan or the employer may deduct it from their final 401k balance. The borrower will need to roll their remaining balance over into a new retirement account by the due date of their next tax return. Otherwise, there may be penalties to pay and it could be taxed as income, which could affect how much financial aid your child receives and increase your income tax burden.	No
IRA WITHDRAWAL	You – the parents	If you put these funds toward your child's tuition or other qualified higher education expenses **BEFORE YOU REACH 59½,** you may avoid the 10 percent early-withdrawal penalty. If you have a Roth IRA, you may be able to withdraw principal tax-free. Please consult a qualified tax professional.	Tapping into long-term savings means you'll have less saved for retirement. If you have a traditional IRA, you don't pay taxes on the front end, so you'll need to pay them in full at the time of withdrawal.	Because you're withdrawing money from your IRA (not loaning it to yourself), the money you pull out will be treated as income. This could affect how much financial aid your child can receive and increase your income tax burden. The only way to get money back into your IRA is to make contributions and only if permitted — potentially up to **$5,500 ANNUALLY IF YOU'RE UNDER 50 and** **$6,500 ANNUALLY IF YOU'RE 50+.**	Since this is a withdrawal (not a loan), no money has to be repaid.
HOME EQUITY LOAN	You – the parents	Because it is secured by your house, you can often borrow more than with student loans. This can be an advantage if you have other debt to consolidate or a home improvement project to work on.	If your home is in need of urgent, expensive repairs (and you don't have enough savings or insurance to cover the cost), you may not be able to take out another loan on your home to cover the bill. There is not usually loan forgiveness, so if you default on repayment, you risk losing your home. You can no longer deduct the interest paid when the funds are used for student loans or other personal debt or expenses.	You are required to pay the money back. Timetables vary depending on the terms of the loan.	No
EMPLOYER REIMBURSEMENT PROGRAM	Your child	Free money! A chance to advance your child's education while advancing their career	Your child typically needs to be working at least part-time for these benefits to kick in, which means it could take longer for them to graduate. The **IRS LIMITS TAX-FREE TUITION BENEFITS TO $5,250 ANNUALLY.** (Some employers cover more.) Typically not available until the employee is over 18.	Confirm if there are any stipulations attached to the money. For example, only covering certain classes and years of service.	This type of assistance is **TYPICALLY REPAID TO YOUR CHILD'S EMPLOYER** through their commitment to work at the company for a certain number of years following school. They may be required to repay the tuition benefit if they leave the company before the required years of service