

To simplify student loan repayment,

Consider Loan Consolidation



You can refinance one or all of your federal student loans into a single new loan with one monthly payment, a fixed interest rate and new terms. Most federal student loans, including PLUS loans and even loans in default, can be consolidated. Private loans from banks, schools or family cannot.

To qualify, you must already be in your grace period or making payments on each loan you have chosen to consolidate. If consolidating defaulted loans, you must have made satisfactory repayment arrangements with the current loan servicer or agree to repay your new Consolidation loan under the Direct lending income-contingent plan.

The interest rate will be the weighted average of the rates on all loans being consolidated. It is capped at 8.25 percent and fixed for the life of the loan, with no fees.

payment plans available

- Standard
- Income-based
- Graduated
- Extended
- Income-sensitive/Income-contingent

For details on these repayment plans, visit www.edfund.org.

before choosing to consolidate

To determine if consolidation is right for you and your entire student loan portfolio, consider the various loan provisions including interest subsidy, deferment, forbearance, forgiveness and cancellation. For more information on loan consolidation, see the *Managing Your Student Loan Portfolio Guide* at www.edfund.org.

the advantages

- One monthly bill.
- Extended repayment period (generally 10-30 years) means your monthly payment will be lower.
- Subsidized Stafford loans retain interest subsidy benefits during deferment.
- You could save money if interest rates increase in the future (only for loans taken before 7.1.06).



P.O. BOX 419045
RANCHO CORDOVA CA 95741-9045
877.233.3863
www.edfund.org

the disadvantages

- Extending your term to lower your monthly payment means you pay more interest over the life of the loan and end up with a significantly higher total payback.
- Possible loss of benefits.
- You will lose the interest subsidy and forgiveness benefits on your federal Perkins loans.

the alternatives

- Choose a different repayment plan to lower your monthly payment.
- Ask your loan servicer about loan combination or serialization to simplify repayment.
- Consider deferment or forbearance to temporarily postpone payments.

You can always save money by repaying your loan early (there are no prepayment penalties) or paying a little extra each month to shorten the repayment period.

Loan Consolidation Repayment Chart
8.25%* interest rate with a standard repayment plan

Loan Amount		10 years	15 years	20 years	25 years	30 years
\$10k	Monthly Payment	\$123	\$97			
	Total Interest Paid	\$4,718	\$7,463			
	Total Payback	\$14,718	\$17,463			
\$20k	Monthly Payment	\$245	\$194	\$170		
	Total Interest Paid	\$9,437	\$14,925	\$20,899		
	Total Payback	\$29,437	\$34,925	\$40,899		
\$40k	Monthly Payment	\$491	\$388	\$341	\$315	
	Total Interest Paid	\$18,873	\$29,850	\$41,798	\$54,614	
	Total Payback	\$58,873	\$69,850	\$81,798	\$94,614	
\$60k	Monthly Payment	\$736	\$582	\$511	\$473	\$451
	Total Interest Paid	\$28,310	\$44,775	\$62,697	\$81,921	\$102,274
	Total Payback	\$88,310	\$104,775	\$122,697	\$141,921	\$162,274

*8.25% is currently the highest interest rate for federal Consolidation loans.

To learn more, contact your servicer or your college's financial aid administrator. Also visit these Web sites:

www.edfund.org

www.MappingYourFuture.org

www.edfund.org/Edwise

www.studentaid.ed.gov

www.nslsds.ed.gov

www.ombudsman.ed.gov

www.loanconsolidation.ed.gov



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