

## Loan Consolidation Information for Alumni

**July 22, 2002**

Many of you borrowed to help finance your education. You may now be eligible to reduce the cost of this credit by converting all or some of your loans to a Federal Consolidation Loan and by locking in the current low interest rates.

**IF YOU MEET THE FOLLOWING CRITERIA**, read on...

- 1) You have at least one Stafford or PLUS loan from either the bank-based Federal Family Educational Loan Program (FFELP) or the Federal Direct Loan Program,
- 2) You are making satisfactory repayments with the lender(s) (you're not in default), and
- 3) You have not already consolidated your loans and locked in an interest rate.

Interest rates on federal student loans fell to an all-time low on July 1, 2002, presenting those of you who are repaying Stafford (subsidized and unsubsidized) loans, either through the bank-based Federal Family Educational Loan Program (FFELP) or the Federal Direct Loan program, as well as PLUS loans from either program with an opportunity to lock in a lower interest rate through student loan consolidation. If you also have an outstanding Perkins, Health Professions Student Loan (HPSL), or Nursing Loan, you have the option of including one or more of them in the federal consolidation loan, although some borrower benefits associated with these specific federal loans may be lost if they are rolled into a consolidation.

While individual circumstances vary, student loan consolidation lenders can assist you in determining if consolidation is right for you. Check first with your current lender. Moreover, borrowers are generally offered four options for consolidation, including:

1. Standard repayment, which requires the balance be repaid in full within ten years.
2. Extended repayment, which reschedules the repayment period over 12 to 30 years.
3. Graduated repayment, which is similar to extended repayment, but with the size of the monthly payments gradually increasing over time, when you may be more able to pay larger installments.
4. Income-sensitive or income-contingent repayment, which bases monthly payments on what you can afford to pay.

If you are unsure who holds your student loan(s), information can be found via The National Student Clearinghouse (703-742-7791; [National Student Clearing House](http://www.studentclearinghouse.org)).

For more detailed information about the pros and cons of Consolidation, check: <http://www.loanconsolidation.ed.gov/borrower/bconsol.shtml>

Be sure and read the sections on "How Do I Benefit," including the "comparison charts" highlighted to explain what benefits you may gain or forfeit, depending on which loans you include in a consolidation.