FEDERAL LOAN CONSOLIDATION GUIDE

If you have several types of federal loans with different servicers, you may benefit from loan consolidation. This means that instead of making more than one monthly payment for your loans, they will be lumped together into one payment. If you feel that making more than one payment per month for your loans will be unmanageable, consolidation is an option.

When you consolidate a loan, you combine the principal amounts and interest rates of each loan. The interest rate of each loan is weighted, which means that interest rates for loans with a higher balance will count more toward your consolidated interest rate than loans with a lower balance. Loans eligible for consolidation include federal Direct, FFEL, Graduate PLUS, and Perkins loans. You cannot consolidate Parent PLUS or any alternative loans with your federal loans.

BENEFITS OF CONSOLIDATION

1. One Lender and One Monthly Payment
   Borrowers need only make one payment per month, provided all loans are included in the consolidation loan.
2. Flexible Repayment Options
   All federal direct loan repayment plans are available for consolidated loans. These varied options are not available for Perkins loans.
3. No Minimum or Maximum Loan Amounts or Fees
   Consolidation is free and there is no minimum amount required to qualify.
4. Varied Deferment Options
   Borrowers with consolidation loans may qualify for renewed deferment benefits if other options on their current Federal education loans have been exhausted.
5. Reduced Monthly Payments
   A consolidation loan *may* ease the strain on a borrower's budget by lowering the borrower's overall monthly payment. The minimum monthly payment on a consolidation loan may be lower than the combined payments charged on a borrower's Federal education loans.
6. Retention of Subsidy Benefits
   There are two possible portions to a consolidation loan: subsidized and unsubsidized. Borrowers retain their subsidy benefits on loans that are consolidated into the subsidized portion of a consolidation loan.

THINGS TO CONSIDER BEFORE CONSOLIDATING:

1. Increased Costs
   When consolidating a loan, carefully consider how it will affect your interest rate and repayment term. If your overall interest rate goes up, you'll end up paying more interest while in repayment. Consolidation can also extend your repayment term beyond ten years, increasing the interest you pay over time.
2. Loss of Grace Period and Loan Subsidies
   If you consolidate before you go into repayment, you could lose your grace period. Also, if you consolidate subsidized loans and unsubsidized loans into one consolidation loan, you will lose the interest subsidizes for the subsidized loans.
3. Losing a Loan
   Borrowers will many loans from various institutions may leave off a loan from their consolidation loan. They may make regular payments on their consolidation loan while not making payments on the loan left off the consolidation loan, leading to delinquency and default on the unconsolidated loan.

STEPS TO SMART CONSOLIDATION

1. Review your loan history on the National Student Loan Data System, www.nslds.ed.gov.
2. Make a list of your loans. You can create your own or use the "Consolidation Organization Spreadsheet," located on Alumni page of the Office of Financial Aid's website, www.juilliard.edu/financialaid
   - Group loans as Direct Subsidized, Direct Unsubsidized, FFEL Subsidized, FFEL Unsubsidized, Perkins, Graduate PLUS, and any existing FFEL/Direct Consolidation loans.
   - Next to each loan, list the interest rate. The interest rate can be found on NSLDS or on your servicer's websites. Keep in mind that loans of the same type may have different interest rates.
3. Go to www.loanconsolidation.ed.gov and use the calculator to determine your interest rate and monthly payment with a consolidation loan.
4. Log on to your servicers' websites and view your interest rate and monthly payment amounts. Use the Loan Calculator at www.finaid.org/calculators to view how much interest you will pay over the life of the loan.
5. Compare the consolidated loan with your current loans. Pay attention to the monthly payment amount, interest rate, and total paid over the life of the loan. Remember that decreased monthly payments often mean more interest paid over the life of the loan.
6. If you decide consolidation is right for you, complete the web application on www.loanconsolidation.ed.gov. You can also find a paper form on that site, and if you have all Direct Loans you can consolidate over the phone. If you are consolidating before you begin repayment, make sure to enter your Grace Period End Date on the form. Leaving this field blank will cause you to lose your grace period. Your grace period end date can be found on your account on your servicer's website.
7. If you decide not to consolidate your loans, make sure to keep your address and e-mail up to date with all of your lenders. It may be wise to schedule an automatic monthly payment for each loan to ensure that you don't forget to make a payment.

Questions about consolidation? Contact the Office of Financial Aid by e-mailing financialaid@juilliard.edu or calling 212-799-5000 ext. 211.