



# STUDENT LOAN CONSOLIDATION

**Have multiple student loan payments? Looking for a way to simplify your monthly payments? Read on to find out if student loan consolidation is right for you.**

## Should You Consolidate Your Student Loans?

Before you consider consolidating your student loans, you should ask yourself a few questions. Does the convenience of a single monthly payment benefit you? If your multiple monthly payments are manageable and you have a good payment system in place, you may not want to consolidate your student loans.

How much are you willing to pay over the long term? Loan consolidation could potentially increase your repayment term, meaning you will pay more in interest. Like a home mortgage or a car loan, extending the years of repayment increases the total amount you have to repay because you will pay more interest in the long run.

How many payments are left on your student loans? If you're close to paying off your student loans, the slightly lower monthly payment might not be worth the time it takes you to consolidate.

## What Are The Benefits of Consolidating Your Student Loans?

You may be eligible to combine your federal education loans into a new loan that offers several advantages, including:

- Easier debt management through one lender, the U.S. Department of Education
- No minimum or maximum loan amounts or fees
- Time eligibility for deferments is reset, as if a borrower hadn't yet used any deferment time
- The loan amounts being consolidated that have interest paid by the federal government (subsidized loans) will still be subsidized after the consolidation is complete
- Reduced monthly payments

## Are Your Loans Eligible for Direct Consolidation?

Most federal education loans are eligible for consolidation into a Direct Consolidation Loan. To be eligible, you must have more than one Direct Loan or Federal Family Education Loan (FFEL) Program loan, or a combination of loans from the two programs. At least one of those loans must be in a grace period, be in deferment, have defaulted, or have payments due (be in repayment). If you are in school and have not entered repayment (a time when payments are due on your loan), your loans can't be included in a Direct Consolidation Loan (except for loan applications that were received between July 1, 2010, and June 30, 2011).

You may also be eligible if you:

- Include at least one FFEL Loan and have been unable to obtain a Federal Consolidation Loan
- Have been unable to obtain a Federal Consolidation Loan with Income-Sensitive Repayment Plan terms acceptable to you
- Intend to apply for loan forgiveness under the Public Service Loan Forgiveness Program
- Have not been able to obtain a no-interest accrual benefit for active duty

You can consolidate most defaulted education loans if you make satisfactory repayment arrangements with your current loan servicer, or agree to repay your new Direct Consolidation Loan under the Income-Contingent or Income-Based Repayment Plan.

*If you have only one Direct Consolidation Loan, you can't consolidate again unless you include an additional loan.*

## Which Loans Are Ineligible for Consolidation?

A few types of loans are ineligible for Direct Consolidation. These loans include:

- Loans made by a state or private lender that are not guaranteed by the federal government
- Primary Care Loans
- Law Access Loans
- Medical Assist Loans
- PLATO Loans

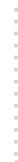
## How Long Will It Take To Consolidate Your Loans?

The consolidation process usually takes between 60 and 90 business days. Applying online can potentially reduce the amount of time it takes to consolidate your loans.

## How to Apply

To apply for Direct Loan Consolidation, go online to **[LoanConsolidation.ed.gov](http://LoanConsolidation.ed.gov)**. If all of your student loans are Direct Loans, you can apply over the phone by calling **800.557.7392**.

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