

# RESOURCES TO HELP MANAGE MULTIPLE TYPES OF FEDERAL STUDENT LOANS

Following several recent events involving the credit market and student loan legislation, you may find that you have several kinds of federal education loans — and are making loan payments to a number of different organizations.

Many students may leave school with at least two different types of federal student loans: loans issued through the Federal Family Education Loan Program and Direct Loans. Additionally, many lenders have sold FFELP loans to the federal government to raise new loan capital during the past couple years — leaving some students with three kinds of federal student loans.

These resources can help you manage the different loan types.



## NSLDS

Visit the National Student Loan Data System, or NSLDS, at [www.nslsds.ed.gov](http://www.nslsds.ed.gov). There you'll find information about all of your federal education loans and the federal grants you may have received. To access your federal loan and grant data, you will need:

- Your Social Security number.
- The first two letters of your last name.
- Your Personal Identification Number, or PIN, assigned to you when you completed the Free Application for Federal Student Aid. If you don't have a PIN, you can get one through the U.S. Department of Education's PIN website, <http://pin.ed.gov>.

NSLDS provides the names and contact information for your loan holders and servicers.

If you have more than one loan holder or servicer, contact each of them for detailed and updated information regarding your loan balances. Make sure to stay in touch with each loan holder or servicer throughout your repayment period, about issues such as address changes and any payment problems you encounter.

Note: If you received private student loans, NSLDS does not contain data on those loans. For information about private loans, contact your lender.

## LOAN CONSOLIDATION

To help student loan borrowers whose loans are held by several different organizations, the federal student loan programs provide the opportunity for loan consolidation. Loan consolidation is a repayment option that allows you to combine multiple federal student loans in a single, new loan.

By consolidating your loans, you may be able to make only one monthly payment to one organization, instead of multiple student loan payments to multiple organizations. You also may have just one point of contact for information about your student loan payments.

You may consolidate your federal education loans at any time after you enter repayment on your federal loans, or if you are in the post-school grace period before your repayment begins.

Additionally, if you have at least one loan that hasn't entered repayment — even if you still are in school — you may be eligible for loan consolidation under a special one-time loan consolidation provision contained in recent legislation. For a one-year period — between July 1, 2010, and June 30, 2011 — you may be able to get a Direct Consolidation loan for all your federal student loans, if you have at least two of the following loan types:

- Direct Loans.
- FFELP loans held by an eligible FFELP lender.
- FFELP loans that have been sold to the Department of Education under emergency legislation.

Consolidation isn't the right option for everyone, though. As you consider consolidation, keep in mind some benefits and drawbacks:

### Benefits

- *Simplified paperwork that saves you time.* With a consolidation loan, you can enjoy the convenience of a single monthly payment, one check to mail and a single point of contact.
- *Lower monthly payments.* You may be able to lower your monthly payments, in some cases cutting your monthly payment in half.
- *Extended repayment period.* Depending on your total education debt, you may have up to a 30-year repayment term on your loan.
- *The possibility of even lower interest rates.* If any of the Stafford or PLUS loans you want to consolidate were made under a variable interest rate, consolidation may provide you with a lower interest rate over the life of the loan. A consolidation loan carries an interest rate that is fixed for the life of the loan.
- *No prepayment penalties.* You have the flexibility to prepay your consolidation loan in full or in part, without penalty, any time during the life of your loan.
- *Special benefits for public service, military.* Public service professionals may qualify for loan forgiveness, and individuals in the military may be eligible for interest benefits.

### Potential Drawbacks

- *Higher total interest costs.* Because loan consolidation generally extends the repayment term, it may double or triple the amount of total interest you pay on your college debt. You could, in fact, pay much more over the life of the loan than if you choose other repayment options.
- *Potential loss of benefits by consolidating Perkins loans.* You may lose interest subsidy, deferment or loan discharge benefits if you consolidate a Federal Perkins loan.
- *Potential loss of grace period.* You will be required to begin making payments within 60 days of the consolidation loan's disbursement, or within 60 days of the end of any in-school deferment that you receive after consolidating your loans. And if your consolidation loan paid off any PLUS loans, you will lose the six-month deferment available each time you — or the dependent child for whom you borrowed the PLUS loan — stop attending school at least half time.
- *Public service loan forgiveness considerations.* Public service professionals likely will benefit from the special loan forgiveness opportunity available to them only if they are making consolidation loan payments according to the income-based or income-contingent repayment plans.

Contact your Direct Loan servicer for information about consolidation loan interest rates and special benefits for certain groups. Your servicer also can provide information about other loan repayment options. NSLDS, [www.nsls.ed.gov](http://www.nsls.ed.gov), can help you determine the servicers of your loans.

The Direct Consolidation website also provides more information; visit [www.loanconsolidation.ed.gov](http://www.loanconsolidation.ed.gov).