



Got A Great Job? You Should Still Consolidate!

You have done it! You graduated from law school, and you have a great job. You are making plenty of money, and life could not be better! You are building a good credit history, and you have had no problems making your student loan payments. Even if you are in this situation, you should still consolidate your federal student loans to protect your financial future.

The federal student loan consolidation program is intended to help borrowers better manage their loans regardless of their income. Let's face it. Law school is not cheap. Federal loan consolidation provides many benefits to help you with this debt.

Borrowers who consolidate enjoy a fixed interest rate. Many borrowers do not realize that their federal Stafford loans have a variable interest rate until they consolidate. The interest rate for student loans is adjusted each year on July 1. Consolidating your loans now ensures you will receive a low fixed interest rate for the life of your loan. Your loans will not be affected by yearly interest rate increases.

The fixed interest rate for a consolidation loan is based on the weighted average of the interest rates of the loans being consolidated, rounded up to the nearest one-eighth of a percentage point, not to exceed 8.25%. If all of your loans were taken out after July 1, 1998, and you are in repayment, the fixed interest rate on your consolidation would be 5.375%. This is a very good rate, especially when you consider that consolidations were being done at the maximum rate of 8.25% only a few short years ago. With interest rates on the rise, it is important to lock in a low fixed interest rate by consolidation now.

Consolidating also helps to lower your monthly payments. The lower your fixed interest rate is, the lower your payments will be. Also, consolidating federal student loans generally extends the loan term, thereby reducing your monthly payments even further. Unconsolidated student loans typically have a loan term of 10 years. When you consolidate, this term is often extended to as long as 30 years, based on your total amount of student debt. Lowering your monthly payments helps to protect you in case your financial situation changes. Even though you are not having any trouble with your payments now, who knows what the future will bring. If you don't like the idea of extending your loan term, keep in mind that there is no prepayment penalty on federal consolidations. You can always pay more than your scheduled payment and pay off your loan early without risk of being assessed a fee.

Another great benefit of federal consolidation loans is that they remain guaranteed by the government. Therefore, they are very attractive for private lenders making these loans. Because of this, lenders often offer responsible borrowers further reductions in interest rates to attract their business. These payment incentives, coupled with a fixed interest rate for the life of the loan, make



federal consolidation loans insanely affordable compared to other types of consumer credit. You can generally borrow tens of thousands of dollars while still maintaining a manageable monthly payment. Also, if you run into a period of financial difficulty, federal consolidation loans generally qualify for periods of deferment or forbearance until your financial situation improves.

You should be proud of yourself for achieving your professional goals. Your future is bright. Consolidate your federal student loans now to begin saving, and enjoying, the money you are making from your promising career.