

Congressman Tom Allen: “Consolidate Student Loans Now!”

Law School Loans is prepared to help attorneys and law student consolidate

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At a recent press conference at Southern Maine Community College, U.S. Representative Tom Allen (D-ME) advised student-loan borrowers to carefully consider how to protect their unconsolidated loans.

Noting the upcoming interest-rate increases, Allen stressed that, for many borrowers, immediate consolidation of all existing student loans is the best and only way to save thousands of dollars.

“Students and parents with outstanding education loans are in for a major shock to their budgets,” said Allen.

“Unless they act before July 1, they may be hit with an additional \$3,500 in interest fees on the average undergraduate loan. I stress that \$3,500 is the average; some students and parents may be hit with even higher, more oppressive rate hikes.”

On July 1, 2006, student-loan interest rates will rise by around 2 percent. These rates have not been this high for at least six years. However, borrowers who consolidate their loans before July 1 can lock in interest rates as low as 3.5 percent, depending on the borrower-benefits packages offered by student loan companies.

For attorneys and law students, many of whom carry high-balance education loans, the need to consolidate becomes even more urgent.

“Allen is speaking here to community college students,” said Law School Loans CEO A. Harrison Barnes.

“However, for graduate students, especially those who attended expensive law schools, student-loan balances can reach six-digit figures. For these people, the extra interest can easily be around \$50,000 over the repayment of the loan.”

Allen, who believes that federal financial aid needs to be heavily reworked, is currently co-sponsoring the Reverse the Raid on Student Aid Act.

“This legislation would cut student loan interest in half for the borrowers in most need...from a fixed rate of 6.8 percent to a fixed rate of 3.4 percent,” said Allen.



“The bill would cut rates on parent loans for undergraduate students from a fixed rate of 8.5 percent to a fixed rate of 4.25 percent. For a typical borrower with \$17,500 in student debt, these reduced rates would save \$5,600 over the life of his or her loans.”

Until these proposed rates take effect, however, attorney and law-student borrowers are still in danger of losing tens of thousands of dollars on unconsolidated loans, which they will likely not be able to reconsolidate later if rates decrease.

Attorneys and law students in need of financial advisement can call 800-659-8344 or go to LawSchoolLoans.com.

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