

# SHOULD I CONSOLIDATE?

Consider Your Goal:

<b>GOAL</b>	<b>REPAYMENT STRATEGY</b>
Minimize total repayment costs	<ul style="list-style-type: none"> <li>• Select repayment option with highest monthly payment and shortest repayment term that can be reasonable afforded</li> <li>• Pay accruing interest (or as much as possible) during periods that payments are not required (in school, grace, deferment, forbearance )</li> <li>• Prepay loans with highest interest rate first</li> <li>• Ensure all required actions are taken to earn incentive benefits, if available</li> <li>• Consolidate variable rate loans when interest rates are low</li> <li>• Compare current incentive benefits to consolidation benefits before consolidating</li> <li>• Review options for receiving cancellation benefits from employer/federal government</li> </ul>
Aggressively repay higher interest rate loans	<ul style="list-style-type: none"> <li>• Pay minimum amounts on lower rate loans and pay higher rate loans aggressively</li> <li>• Review repayment plan on lower rate loans to reduce the payments on these loans, allowing for aggressive repayment on higher rate loans</li> <li>• Review postponement options on lower rate loans to reduce or temporarily eliminate payments on those loans, allowing for aggressive repayment on higher rate loans</li> <li>• Do not consolidate higher rate loans, or consider consolidating them separately</li> </ul>
Minimize monthly payment (short-term)	<ul style="list-style-type: none"> <li>• Review deferment options</li> <li>• Review graduated repayment plan</li> <li>• Review forbearance options (caution: check on the affect this would have on incentive benefits)</li> </ul>
Minimize monthly payment (long-term)	<ul style="list-style-type: none"> <li>• Review extended repayment option if you are eligible</li> <li>• Consolidate eligible loans to obtain maximum repayment term</li> </ul>
Minimize payments to multiple companies	<ul style="list-style-type: none"> <li>• Consolidate eligible loans with a single lender</li> <li>• Consider obtaining a private consolidation loan with the lender of your federal loans</li> </ul>
Manage private loan repayment	<ul style="list-style-type: none"> <li>• Pay accruing interest during periods in which payments are not required</li> <li>• Consult lender of private debts to review repayment plans available</li> <li>• Consider obtaining a private consolidation loan with the lender of your federal consolidation (or vice versa) (TIP: applying with a co-signer and/or approving your FICO score before consolidating private loans may result in better interest rates.)</li> <li>• Consider reducing monthly payments on federal loans to aggressively repay private debts</li> </ul>
Manage credit card repayment	<ul style="list-style-type: none"> <li>• Consider reducing monthly payment amounts on federal loans to aggressively repay credit cards</li> <li>• Stop/minimize use of credit card until balance is low enough to pay in full every month</li> </ul>

## Questions to Ask Before Choosing a Student Loan Consolidator?

1. Know the company – ask, “Are you the lender? Who will service my loan?”
2. Look for experience – ask, “How long has your company participated in the federal student loan program?”
3. Understand the type of loan you are being offered – ask, “Is this a Federal consolidation loan or a consumer loan?”
4. Research the repayment incentives – ask, “How do I qualify for these incentives? How do I lose these incentives?”
5. Know your loan portfolio – ask, “Are there loans I might want to leave out of a consolidation?”
6. Look for the services that are important to you – ask, “Do you offer a fast and convenient application process & automatic payment options?”
7. Don’t be swayed by flashy advertising and incentives that seem too good to be true—they probably are!