



IN-SCHOOL CONSOLIDATION FACT SHEET FOR FAOs

IN-SCHOOL CONSOLIDATION: A TOOL TO HELP YOUR STUDENTS LOWER FUTURE LOAN PAYMENTS

Even your enrolled student borrowers can take advantage of historically low interest rates — effective July 1st — by consolidating their federally insured student loans before they graduate and without losing a single benefit.

Why In-School Consolidation Makes Sense?

In-school consolidation permanently locks in interest rates using the lower in-school rates that apply to most Stafford Loans.

- Borrowers will still receive a grace period and continue to qualify for all standard Stafford loan entitlements (such as deferments and forbearances).
- The Direct Consolidation Loan program does not require a minimum of loans or balances to qualify, so borrowers can consolidate even a single small balance loan.
- Borrowers can choose the same Standard 10-year maximum repayment term as they have with their current Stafford loan to keep the cost of borrowing low when repayment begins.
- Borrowers can consolidate again later, adding new Stafford loans, health profession loans, and Perkins loans to their existing consolidation loan. This will help provide an overall lower interest rate to the borrower even if the new loans begin with a higher interest rate.

Will In-School Consolidation Ever NOT Make Sense?

Currently, while interest rates are historically low, it makes sense to consolidate while still in school. When the interest rates are close to the statutory maximums for the program, the answer changes. Consolidation interest rates are fixed based on the weighted average of the loans being consolidated. So, the higher the rates on the loans being consolidated, the higher the interest rate on the new consolidation loan.

Qualifications for In-School Consolidation

Student loan borrowers qualify for an in-school consolidation if they:

- Have at least one Direct Loan or FFEL Stafford Loan in an 'in-school' status **AND**
- Attend a school participating in the Direct Loan Program, or;
- Have a Direct Loan, but currently do not attend a school participating in the Direct Loan Program.

Eligible Loans:

Stafford/GSL and FISL Loans

HEAL Loans

Perkins/NDSL Loans

Nursing Loans (NSL)

SLS and ALAS Loans

HPSL Loans (including LDS)

PLUS Loans

Consolidation Loans