

## Loan Consolidation 101: Tips For New Graduates

(NAPSA)—With college graduation ceremonies taking place this spring, how can students get off to a good start when it comes to managing their student loan repayments?

Loan consolidation is one option. A Federal Consolidation Loan combines all eligible loans into a single, new, federally guaranteed loan that has a longer repayment term, a fixed interest rate that cannot exceed 8.25 percent and the convenience of one monthly payment. Most important, borrowers who apply for a Federal Consolidation Loan before July 1 can potentially lock in an interest rate as low as 4.75 percent for the duration of their repayment period, which can extend as long as 30 years.

Before consolidating, however, borrowers should carefully consider their decision, says Patricia Scherschel, vice president of loan consolidation for Sallie Mae, the nation's leading provider of education funding and the largest consolidator of student loans. While consolidation is beneficial for most education loan borrowers, it is important that they make an educated choice, she says.

"This is the start of a long-term financial relationship with your consolidation loan provider," says Scherschel. "Make sure you take time to ask questions and get a full understanding of your interest rate and possible discounts before signing on the dotted line."

Scherschel offers the following tips for borrowers who may be exploring loan consolidation.

- Contact your college financial aid office for recommendations and information on reliable and trustworthy lenders. Because consolidation lets borrowers extend their repayment up to 30 years, it is important to choose a lender with a solid reputation, industry experi-

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**When consolidating student loans, look for a lender with a solid reputation, industry experience, flexible repayment options and superior customer service.**

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- Investigate a lender's borrower benefit program. Many lenders, including Sallie Mae, will offer interest rate reductions for paying on time or using direct debit. Be sure to read the fine print of the benefit program being offered, including if, when and how you qualify for the benefit, as well as how you could potentially lose it.

- Be cautious of the word "free." While lenders are not permitted to charge borrowers a fee to consolidate their loans, Consolidation Loans are not interest-free. It is important to understand all of the costs up front.

- Keep on top of deadlines. On July 1, interest rates on federally guaranteed education loans are expected to rise. Borrowers who consolidate at today's interest rates could save hundreds, even thousands, of dollars.

"Consolidation is the key to protecting yourself from an interest rate increase," Scherschel says. "After the final exams are over, current students and this spring's graduates should have a one-track mind: getting their consolidation application in before midnight on June 30."

For more information on loan consolidation, visit the Web site [www.salliemae.com/consolidation](http://www.salliemae.com/consolidation) or call (800) 448-3533.

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**Note to Editors:** This article is one in a series of articles on college preparation and financing from Sallie Mae, the nation's leading provider of education funding and the largest consolidator of student loans.