

## Federal Student Loan Consolidation

A Direct Consolidation Loan allows you to combine multiple federal education loans into one loan. The result is a single monthly payment instead of multiple payments. There is no application fee to consolidate your federal education loans. Beware of private companies that offer to help you apply for consolidation for a fee. These companies have no affiliation with the U.S. Department of Education.

If you want to lower your monthly payment amount but are concerned about the impact of loan consolidation, you might want to consider deferment or forbearance as options for short-term payment relief.

The Pros and Cons of consolidation are as follows:

### PROS

- If you currently have federal student loans that are with different servicers, consolidation can greatly simplify loan repayment by giving you a single loan with just one monthly bill
- Consolidation can lower your monthly payment by giving you a longer period of time (up to 30 years) to repay your loans.
- You'll be able to switch any variable-rate loans you have to a fixed interest rate.

### CONS

- Because consolidation usually increases the period of time you have to repay your loans, you might make more payments and pay more in interest than would be the case if you don't consolidate.
- Consolidation may also cause you to lose certain borrower benefits such as interest rate discounts, principal rebates, or some loan cancellation benefits that are associated with your current loans.
- If you're paying your current loans under an income-driven repayment plan, or if you've made qualifying payments toward Public Service Loan Forgiveness, consolidating your current loans will cause you to lose credit for any payments made toward income-driven repayment plan forgiveness or Public Service Loan Forgiveness.
- Once your loans are combined, they cannot be removed. The loans that were consolidated are paid off and no longer exist.