

The 411 on Consolidation

By Brooke Heath

For most students, especially medical students, taking out multiple student loans to pay for school is a necessity. Unfortunately, however, upon graduation, newly-minted graduates who are just beginning their careers must then start to repay the student loan debt accrued during the past years of schooling. One way to make the repayment process a little simpler is to consolidate multiple student loans in to one consolidated loan with one payment.

What is Consolidation?

Consolidation merges your multiple student loans into one easy-to-manage loan. The balances of your multiple student loans are rolled over into one single loan. The result is a lower monthly payment that only has to be paid to one lender each month.

Who can Consolidate?

Anyone with student loans who meets the requirements listed below can consolidate. Both students as well as parents who have taken out PLUS Loans for their students may consolidate their loans.

To consolidate with most companies you must:

- Have at least \$7,500 in student loan debt
- Be in your grace period or repayment period
- Not be in default status on any of your loans
- Be a U.S. resident or permanent resident
- Not have consolidated the same loans previously or have gone back to school and accrued more loans to consolidate with the old consolidation

The Benefits of Consolidating Your Loans

There are many benefits to consolidating your multiple student loans. One major benefit is simplicity. By consolidating, you are saying goodbye to making many payments each month to several different lenders. With consolidation, there is only one payment and one lender. Think of the time that this could save you!

Another huge benefit to consolidation is that you will most likely save a lot of money. How much you can save depends upon the company that you choose to consolidate with and the amount of student loan debt that you are consolidating. Some companies such as Medical School Loans offer low fixed interest rates, which will save you from fluctuating costs each

term. Medical School Loans also offers great borrower benefits, such as our 0.25% interest rate reduction when you enroll to pay by automated debit as well as an additional 1.00% interest rate reduction after you make 36 consecutive on-time payments. Once the 1.00% interest rate reduction is earned, you can never lose it! Medical School Loans guarantees the reduction for the life of your loan. Medical School Loans can save our borrowers thousands of dollars over the life of their loans and possibly even lower their monthly payments by almost 50%.

Another advantage to consolidating your student loans is that it can often improve your credit rating and financial status. This will increase your chances of being approved for credit-based necessities, such as a car loan, an apartment, or other important expenses. How it works is that when you consolidate, your multiple loans are paid off and combined into just one loan. Thus, your credit report indicates that you only have one account that is left open. Obviously, one open account is better than many, therefore, you are deemed to be more credit worthy.

What Kinds of Loans Can I Consolidate?

Look for a company, who can do both a federal loan consolidation as well as a private loan consolidation, such as Medical School Loans. It is possible to do consolidations on both federal loans and private loans together, but it's not really to your advantage because your federal loans will lose their federal benefits. Most consolidation companies won't allow borrowers to consolidate the two, and even if you find one that does, you will most likely be giving up perks such as your federal loan benefits, such as your grace period and deferment and forbearance options. Consolidating all of your federal and private loans into two separate consolidations will still save you thousands of dollars over the life of your loans.

Below are the kinds of Federal Loans that you can consolidate:

- Federal Stafford Loans
 - Subsidized
 - Unsubsidized
- Federal Supplemental Loans for Students (SLS)
- All Federal Direct Student Loans (Direct Loans)
- National Direct Student Loans (NDSL)
- Federal Perkins Loans
- Federal Nursing Loans (NSL)
- Health Professions Student Loans
- Federal Parent Loan for Undergraduate Students (PLUS)
- Graduate PLUS
- Federal Consolidation Loan
- Student Consolidation Loans
- Federally Insured Student Loans (FISL)
- Loan from the Department of Education

What will the Interest Rate be?

The interest rate will depend on several variables: your consolidation company, the type of loans that you are consolidating, and when you are consolidating. With most federal loan consolidations, the interest rate is calculated by averaging the interest rate of all the loans being consolidated and then rounded the average rate up to the next one-eighth of one percent.

The Right Time to Consolidate

The best time to consolidate your student loans is during your grace period—after you are out of school but prior to entering repayment. This is the best time because you will receive a lower interest rate while in your grace period. If you wait until you reenter your repayment period, your interest rate will be locked in (on federal loans) at an interest rate about 0.60% higher than if you would have consolidated during your grace period.

When Choosing a Company, Choose Medical School Loans

When deciding on a consolidation company, make Medical School Loans your choice. Medical School Loans is a leader in the consolidation industry. Because we specialize in consolidations, we can guarantee you that we know what we're doing, and we have the experience to back it up. Our professional staff will lead you through the loan consolidation process and answer any questions that you might have to ensure that you are confident with the process. We also assign you your own loan specialist who will be available to assist you from the beginning of your consolidation until the end. You will be able to contact your specialist directly by phone and/or by e-mail. There is no reason to speak to a different specialist each time you call. This way, your specialist knows you and, better yet, knows your loan.

Medical School Loans is dedicated to helping borrowers like you realize your educational and financial goals. We realize that as a physician or medical student, your loan balances tend to be much higher than that of the average working professional or average student. Because of this, we work to consolidate your loans in a quick and efficient manner. Medical School Loans only offers our services to physicians and medical school students. By directing our efforts to only those in this prestigious field, we can offer a higher standard of excellence than our competitors.

Consolidation: A Win-Win Situation

Consolidation is a win-win situation. Overall, it can save you both time and money. Consolidating can also improve your credit rating.

Remember to choose a consolidation company that is reputable and that can save you money while offering outstanding borrower benefits like Medical School Loans.