



EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

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www.Edfed.com

Turn your variable interest rate loans into a fixed interest rate loan

Federal student loan consolidation is a great way to simplify your life. A federal student loan consolidation allows you to combine all of your federal education loans into a single loan. However, many borrowers may not be aware of another excellent benefit. Federal student loan consolidation turns your variable interest rate loans into fixed interest rate loans. Federal student loan consolidation is the sure way to protect your federal education loans from future interest rate increases.

Recent trends in federal student loan interest rates

The past few years have seen tremendous changes in student loan rates. On July 1, 2006, interest rates on federal student loans jumped almost 2%. Loans borrowed after July 1, 2006, were borrowed at the highest interest rates in six years.¹ Student loan borrowers rushed to consolidate by the June 30, 2006, deadline to protect their loans from this interest rate increase. Federal student loan consolidation can protect your interest rates by locking in current interest rates. Current Federal Stafford loans range in interest rates from 6.54% to 7.22%.² Borrowers can currently consolidate federal education loans at a rate lower than the cap set for federal consolidation loans, which is 8.25%.³

How your fixed interest rate is determined

Because federal student loan consolidation is a government program, every lender under the Federal Family Education Loan Program (FFEL Program) must adhere to the same formula for determining fixed interest rates. The same goes for Federal Direct Consolidation Loans made under the William D. Ford Federal Direct Loan Program. The fixed interest rate on a federal consolidation loan is the *weighted* average of the interest rates on all loans to be consolidated, rounded up to the nearest 1/8th of a percent.⁴ Keep in mind this is a weighted average. So, if you have a high balance loan at a low interest rate, the final fixed interest rate may be low as well, regardless of whether you may have high interest rate loans.

[Use this calculator](#) to determine your potential consolidated fixed interest rate.

Another benefit: fixed monthly payments

Many borrowers may be aware of the problem variable interests rates pose. Depending on when the base is reset, variable interest rates may rise from time to time. What may be missed in this equation, however, is that the monthly payment will have corresponding rise. The uncertainty of monthly payments is something borrowers can do without, especially for anyone trying to develop

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a budget and stick to it. This can all be resolved with a federal student loan consolidation and the fixed interest rate that comes with it. A fixed interest rate means a fixed monthly payment. With an EdFed federal student loan consolidation, you'll never have to worry about changing or rising interest rates, and you'll never have to guess what your next monthly payment will be.

See what your monthly payment may be when you consolidate your federal education loans.

Reduce your monthly payments by almost half

In addition to securing a low, fixed interest rate, consolidating your federal student loans may also lower your monthly payment significantly. Depending on the lender you choose to consolidate with, you may be able to reduce your monthly payments by almost half. EdFed, an authorized government lender under the FFEL Program, can lower your monthly payment by nearly 50%. How is this possible? An EdFed federal student loan consolidation is stretched out over 15 to 30 years, depending on the total balance. This will lower your monthly payments, in some cases by nearly 50%. What's more, there are no prepayment penalties associated with an EdFed federal student loan consolidation. So, while you may have a payment 50% lower than your pre-consolidation loans, you can send in larger payments to pay down the principal faster. And when you need extra cash to pay off a credit card or splurge on that designer handbag, you'll have the convenience and flexibility of a lower payment.

If you're wondering whether you can lower your monthly payment by nearly 50%, use this calculator to find out.

Federal student loan consolidation can help you reach financial success

Federal student loan consolidation is the first step towards a successful financial future. Other than credit cards, education loans make up the majority of debt incurred by students. If you can successfully manage student loans, then you are on your way to obtaining a great credit history and score, developing good repayment habits, and establishing good credit early on.

¹ www.nytimes.com/2006/06/07/education/07loan.html?partner=rssnyt&emc=rss

² studentaid.ed.gov/PORTALSWebApp/students/english/FFEL_DLInterestRates.jsp

³ studentaid.ed.gov/PORTALSWebApp/students/english/consolidation.jsp?tab=repaying

⁴ www.ifap.ed.gov/eannouncements/attachments/0531intrateattach4.pdf