

Students: Consolidate Loans Now To Save Thousands In Interest

(NAPSA)—Going to college is about to get even more expensive.

At a time when rising tuition costs already weigh heavily on future college graduates and their families, Congress recently passed a Bill raising interest rates on student loans and cutting \$13 billion from the federal student loan program. These higher rates promise to have a significant impact on the cost of repaying student loan debt for years to come.

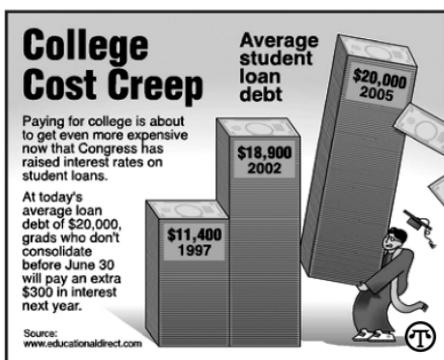
The Bill impacts Stafford loans—popular because they require no credit check or test to qualify—and PLUS loans, available to parents of dependent undergraduate students, regardless of financial need.

Under the new legislation, the interest rate on new Stafford loans will jump to 6.8% from the current rate of 5.3%, while the rate on new PLUS loans will jump to 8.5% from the current rate of 6.1%. Both rates will be fixed.

The average cost of tuition, room and board has climbed at more than double the rate of inflation over the last eight years. Such hikes have also meant skyrocketing student loan debt, which rose more than 70% from \$11,400 in 1997 to more than \$20,000 in 2005.

The good news for recent grads or students who will graduate this spring is that they CAN still lock in a low fixed rate. But there's not much time. With rate hikes expected to take effect on July 1st of this year, loans must be consolidated by June 30, 2006.

"Time is absolutely of the essence—particularly for this year's graduates," said Frank Ballmann, student loan expert and an executive vice president at consolidation leader Educational



Students can still lock in low rates for financial aid by using online consolidation services.

Direct. "They'll need to act quickly after graduation to get the pre-July 1 rates, which would rise by over 1.5% on July 1 based on today's interest rates."

Ballmann offers the following tips for students and their parents:

- Students with \$20,000 in student loan debt would pay an extra \$300 in interest next year, based on the recent rise in interest rates, if they don't lock in the current loan consolidation rate.
- The interest rate for consolidation loans can be locked in at a fixed rate for as long as it takes you to repay your loan.
- Consolidation saves money and time—lowering monthly payments with a single fixed interest rate and simplifying the loan repayment process with one monthly payment.
- There are no fees or credit checks to consolidate student loans; it is free and is a right given to borrowers under the federal loan programs, authorized in the Higher Education Act.

For more information and answers to your student loan questions, visit the Web site www.educationaldirect.net.