

What Are The Advantages Of Student Loan Consolidation?

In order to make simple the payment of federal student loans, it is highly advisable that you consider consolidating your loans - this is done by combining all the different types of loans you incurred. Doing so has many advantages. One is that federal student loan interest rates are currently at their lowest, so consolidating your loan means that the interest rate used for the whole duration of your loan is fixed. One category you could take into consideration regarding federal student loans is availing of the FFEL student consolidation loan. This loan program helps any borrower especially students via multiple repayment schedules. Thanks to the FFEL student loan consolidation program, only one payment is made each month.

Through the FFEL program, the loan consolidation you will be acquiring will be made by a commercial lender, after which credit bureaus will tell you that you already have a zero balance in your account, after doing so you will then sign a fresh promissory note indicating that you will have a new interest rate and schedule of repayment. However, in order to avail of the FFEL consolidation loan, you must currently be in repayment on the loan you defaulted or that you have been able to make at least three voluntary and on time monthly payments in full.

Disadvantages of availing student loan consolidations, if there are any, actually depends on you. If in case it would take you a bit of a longer time in paying off your student loan, you will then consequently pay more interest during the course of your whole loan repayment. However, since in consolidating your loans, there are really no penalties in prepayment and if you continually pay the same amount payments before actually consolidating your loans, the interest you will incur would not increase thus you will be able to pay the loan faster than when you did not consolidate your loans. Another advantage when one avails of student loan consolidation is that there are no fees or charges incurred. The United States Department of Education does not in any way make charges or collects any fees to any borrower who avails of the student loan consolidation.

Refinancing student loans again depends on the borrower. The United States Department of Education does not in any way allow any borrower to refinance a student loan consolidation. But if in case a borrower has an additional federal loan that is not originally included in the loan consolidation, these debts may then be added and calculated again into a another Federal Consolidation Loan. Student loan consolidation has another advantage. A borrower is still entitled to avail of the same Federal benefits. This is because student loan consolidation is a federal program. And being it a federal program, a borrower is more than welcome and is entitled to various benefits such as deferment, interest that is tax deductible and forbearance. Plus, the loan is guaranteed by the government and is insured federally.

The following is a basic list of 8 student loans that are eligible to be consolidated.

1. SS - Subsidized Federal Stafford Loans & Guaranteed Student Loans (GSL)
2. DSS - Direct Subsidized Stafford Loans
3. DUS - Direct Unsubsidized Stafford Loans
4. DPLUS - Direct PLUS Loans
5. DUCON - Direct Unsubsidized Consolidation Loan, including Direct PLUS Consolidation Loans
6. US - Unsubsidized and Non-subsidized Federal Stafford Loans
7. NSL - Federal Nursing Loans
8. HEAL - Health Education Assistance Loans

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About the Author

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