

Student Loan Consolidation Guide



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Welcome

Thanks for your interest in student loan consolidation! To help you through the process, we've created this step-by-step guide. The consolidation process is completely free and available to borrowers through the U.S. Department of Education's Federal Student Aid (FSA) website. It's something you can complete on your own, but if you run into any issues, FSA's Student Loan Support Center is available for assistance. Simply call them at 1-800-557-7394.

Is Consolidation Right for You?

Loan consolidation can be a great solution if you're seeking convenience and ease in managing your student loans. Consolidation gives you:

- One loan
- One low fixed monthly payment
- One monthly payment
- One student loan servicer—of your choice

However, if you're looking to consolidate you should also consider the following:

- A Direct Consolidation loan's interest rate is the weighted average of your original loans' interest rates, rounded up to the nearest 1/8th of one percent.
- Like a home mortgage or car loan, extending the years of repayment increases the total amount you will have to pay over the life of the loan.
- If any loans you want to consolidate are in a grace period, you can request to delay the processing of your consolidation loan until the end of your grace period. Otherwise, the processing will begin as soon as your documents are received and you'll lose your grace period. Then, once the consolidation loan is completed, you'll be required to immediately begin paying it back.
- Direct Parent PLUS loans are not eligible for certain repayment plans and their inclusion in the consolidation process will make the new loan ineligible for certain plans (e.g., Pay As You Earn (PAYE) or Income- Based Repayment (IBR) plans). However, they are eligible for an Income- Contingent Repayment (ICR) plan.
- You may lose certain federal student loan benefits like eligibility for subsidized interest, deferment options, or loan forgiveness. Please check the [Loan Consolidation](#) page on StudentAid.gov for more details.

Preparing to Consolidate

Gather Information

Before consolidating, you'll need to gather some information. First, make sure you have your basics on hand, along with some **less** common pieces of information.

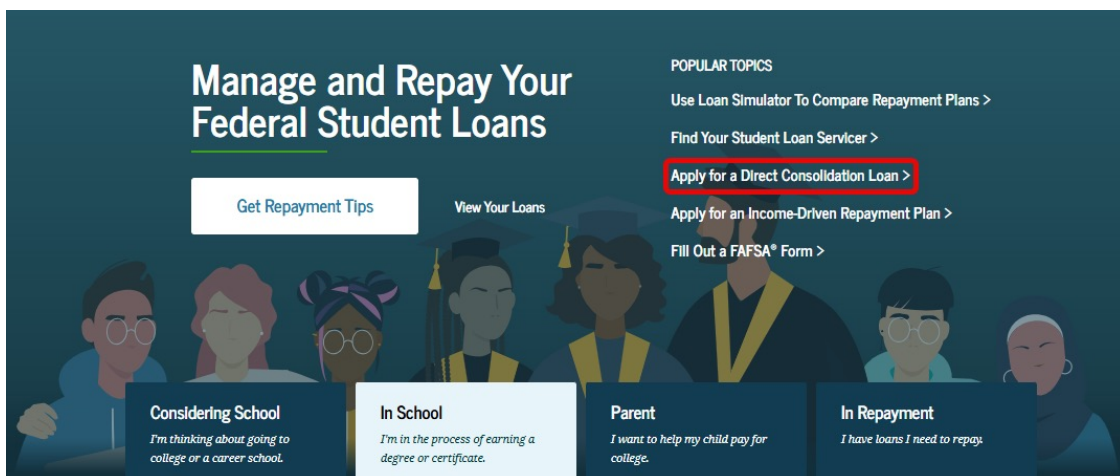
- Permanent address
- Telephone numbers
- Email address
- Social Security Number
- Driver's license number
- Employer information (if you're working)

Finally, you'll also need to gather information for two references. They can be anyone: family, friends, relatives, etc. However, they cannot live at the same location as you or each other. Consolidation requires the following information for both references:

- Address
- Telephone numbers
- Email address

Navigate to [StudentAid.gov](https://studentaid.gov)

- Under Popular Topics, select **Apply for a Direct Consolidation Loan**.



- Click **Log in to Apply**.

Apply for a Direct Consolidation Loan

Use the application to select the loans you want to consolidate and select a new monthly repayment plan for your new Direct Consolidation Loan.

[Learn more about loan consolidation](#)

Log in to Apply

[View Demo](#)

OMB No. 1845-0007 • Form Approved

- Enter your StudentAid.gov username, email address, or phone number.
- Enter your StudentAid.gov password.
- Select **SMS or Email** for code verification.
- Enter the six-digit verification code that you received.
 - Click on **Resend Code** if you did receive a six-digit verification code.
- Select **Accept** if you agree to the terms and conditions.

Note: If you decline, you will not be able to complete a consolidation application.
- Click **Apply Now**.

Direct Consolidation Loan Applicants

Apply for a Direct Consolidation Loan

Use the application to select the loans you want to consolidate and select a new monthly repayment plan for your new Direct Consolidation Loan.

[Learn more about loan consolidation](#)

Apply Now

OMB No. 1845-0007 • Form Approved

If you run into any issues accessing your FSA ID, please call the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243). There is also a handy video tutorial you can watch by following this link: [How to Create a StudentAid.gov Account](#).







Once logged in, you'll be directed to the Direct Consolidation Loan Application page.

Direct Consolidation Loan Application

⌚ 30 minutes

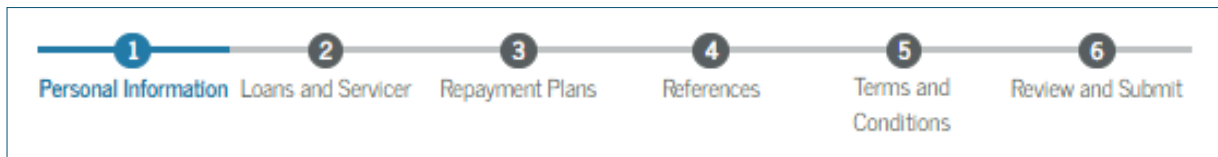
This application will be used to request a Direct Consolidation Loan.

How You'll Complete Your Direct Consolidation Loan Application

-  **Confirm Your Personal Information**
Review the information we have on file for you and ensure it's up to date.
-  **Select Your Loan Servicer and Which Loans to Consolidate**
Decide which of your federal student loans are best to consolidate and choose the servicer who will handle the day-to-day tasks of managing your loan.
-  **Choose a Repayment Plan**
Select your initial repayment plan. Learn about the plans and see estimated monthly payments available to you so you can make an informed decision.
-  **Provide Your References**
Confirm that any references we currently have on file for you are correct and add any new references.
-  **Agree to Terms and Conditions**
Read the terms and conditions for this note, including your rights as a borrower, and sign your agreement.
-  **Review Your Consolidated Loan**
Review all the information you have provided and the details of your new loan. You'll then validate the information, confirm your commitment, and sign and submit your application.

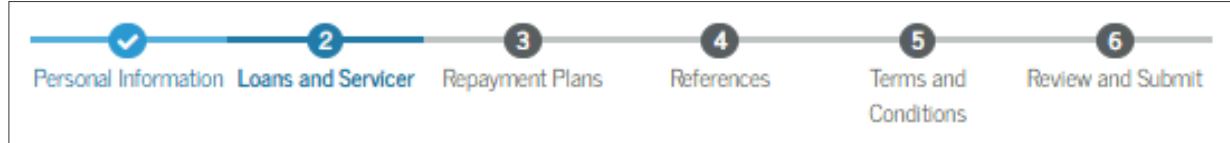
Anyone who knowingly makes a false statement or misrepresentation on this form will be subject to penalties, which may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

Section 1: Personal Information



- Borrower Information
- Contact Information
- Driver's License information (optional)
- Click **Continue**
- Employment Information
Note: If unemployed, check the proper box
- Click **Continue**

Section 2: Loans and Servicer



Step 1 of 3

Loans to Consolidate

Select which loans you would like to consolidate. If you have additional loans that you would like to consolidate that are not located below, use the “Add Another Loan” button.

Note: At this time, you might not see all your payments reflected below. The Department of Education is working to update these numbers. You won’t lose your payment progress when you consolidate your loans.

Your Total Educational Indebtedness ⓘ : **\$50,000**

Direct Subsidized Loan

| | | |
|-------------------------|-------------------|---------------|
| Loan Servicer | Total Balance | Interest Rate |
| Sample Servicer A | \$30,000 | 3.4% |
| First Disbursement Date | Account Number | |
| 06/04/2015 | XXXXXXXXX11122233 | |

Direct Unsubsidized Loan

| | | |
|-------------------------|-------------------|---------------|
| Loan Servicer | Total Balance | Interest Rate |
| Sample Servicer B | \$20,000 | 5.1% |
| First Disbursement Date | Account Number | |
| 06/04/2015 | XXXXXXXXX11122233 | |

[+ Add Another Loan](#)

Finally, you will be presented with the total loan balance of your new Direct Consolidation Loan and the combined interest rate. The interest rate is a weighted average of all the separate federal student loans that are to be included in the new consolidated loan, rounded to the next 1/8%.

Your New Loan

Your new loan will combine the loans selected above into a single loan. All outstanding interest on each loan you choose to consolidate will be added to the outstanding principal balance, and that total amount will be the starting principal balance of your new consolidation loan.

Note: The numbers shown in this application are estimates. Your loan servicer will determine your loan details, including the monthly payment amount for your new consolidation loan.

| | |
|-----------------|-------------------|
| New Loan Amount | New Interest Rate |
| \$50,000 | 4.125% |

[How did we calculate these numbers?](#)


Click **Continue**.

Step 2 of 3



Loans in Grace Period

The next step deals with how the application is processed if you have student loans in their grace period. A grace period is 6-month window after leaving school where payments are not due on a federal student loan. Normally, the new consolidated loan will have payments due immediately upon completing the consolidation process. You can delay processing your consolidation application when you have loans in their grace period for a selected number of months. However, if none of the loans being consolidated are in their grace period, your consolidation will process immediately. If you prefer to not delay processing for loans in their grace period, simply choose **Do Not Delay Processing**.

Select Processing Delay

 If your servicer determines that you do not have at least one loan in a grace period, the servicer will begin processing your application.

Processing Delay

Select  


Click **Continue**.

Step 3 of 3

Select a Federal Loan Servicer

The next step on this page is selecting who you want to service your new Direct Consolidation Loan. Click the **radio button** next to the servicer you want to select.

My Current Loan Servicer

 Sample Servicer

Select a New Loan Servicer

Advantage

Nelnet

CRI

EdFinancial


MOHELA

[Find out more about student loan servicers.](#)

Public Service Loan Forgiveness

Next, you can select if you wish to be considered for the Public Service Loan Forgiveness program. More information on the program and its qualifications can be found on the [Public Service Loan Forgiveness page](#) on FSA's website. If you believe you're eligible for the program be sure to check **Yes**.

Consolidating for Public Service Loan Forgiveness

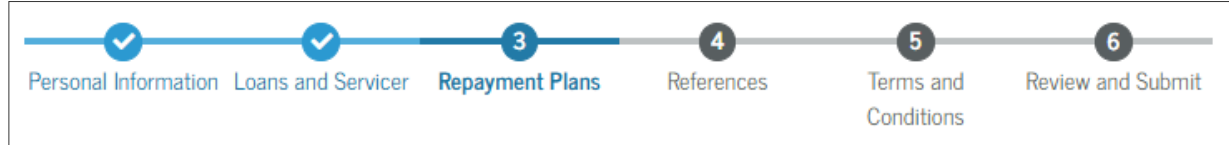
Have you been or are you currently seeking to be employed full-time by a public-sector organization, and are you consolidating for the purpose of Public Service Loan Forgiveness (PSLF)? 

Yes No

Note: If you answer "No" now and your circumstances change, you can apply for PSLF at a later date. For more information, discuss with your consolidation servicer.

Click **Continue**.

Section 3: Repayment Plans



Select Your Repayment Plan

In this step, you'll select the repayment plan that best fits your situation. You can change repayment plans at any time—for free. Plans are designed to meet the needs of a wide range of borrowers and their financial situations.

The image shows two side-by-side cards for selecting a repayment plan. The left card is titled "Repay Based on My Income—Income-Driven Repayment (IDR) Plans" and features a bar chart icon. It describes IDR plans as basing monthly payments on income and family size, with lower payments than other plans, and recommends them for those seeking Public Service Loan Forgiveness (PSLF). It lists four options: Income-Based Repayment (IBR) Plan, Income-Contingent Repayment (ICR) Plan, Pay As You Earn (PAYE) Repayment Plan, and Saving on a Valuable Education (SAVE) Plan. The right card is titled "Repay Based on a Set Repayment Period—Fixed Payment Repayment Plans" and features a right-pointing arrow icon. It describes fixed payment plans as basing monthly payments on a set amount over time (usually 10 years), with the example of the 10-year Standard Repayment Plan where 120 payments would pay off the loan. It notes these are not good for those seeking PSLF and lists four options: Standard Repayment Plan, Graduated Repayment Plan, Extended Repayment Plan, and Extended Graduated Repayment Plan. Both cards have a "Select" button at the bottom.

There are two types of plans to choose from: Income-Driven Repayment Plans and Fixed Payment Repayment Plans. For more information on these plans, visit [FSA's Repayment Plan page](#).

Choosing Fixed Repayment Plan

Select Your Repayment Plan

Although you may select or be assigned a repayment plan when you first begin repaying your federal student loan, you can change repayment plans at any time—for free. Plans are designed to meet the needs of a wide range of borrowers and their financial situations.

[Learn more about the types of repayment plans.](#)

Extended Fixed Repayment Plan **Lowest Total Payment**

This plan allows you to pay a fixed monthly payment over an extended period of 25 years.

| | | | |
|-----------------|------------------|------------------|-----------------------------------|
| Monthly Payment | Total to Be Paid | End of Term Date | Select |
| \$267 | \$80,214 | Oct 2050 | View Details > |

Standard Repayment Plan

This plan allows you to pay the entirety of your loan via fixed payments (at a minimum of \$50) over your loan term (10 years for most loans, but it is usually longer for consolidation loans).

| | | | |
|-----------------|------------------|------------------|-----------------------------------|
| Monthly Payment | Total to Be Paid | End of Term Date | Select |
| \$267 | \$80,214 | Oct 2050 | View Details > |

Extended Graduated Repayment Plan

Payments start low and gradually increase every two years. You will repay your loans over an extended period of 25 years.

| | | | |
|----------------------|------------------|------------------|-----------------------------------|
| Monthly Payment | Total to Be Paid | End of Term Date | Select |
| \$172 - \$488 | \$87,987 | Oct 2050 | View Details > |
| First Last | | | |

Graduated Repayment Plan

Payments start low and gradually increase every two years. You will repay your loans over 10 years (for most loans, but it is usually longer for consolidation loans).

| | | | |
|----------------------|------------------|------------------|-----------------------------------|
| Monthly Payment | Total to Be Paid | End of Term Date | Select |
| \$172 - \$488 | \$87,987 | Oct 2050 | View Details > |
| First Last | | | |

[Show Ineligible Plans](#)

[Previous](#) [Exit Demo](#) [Continue](#)

Click **Select** next to the payment plan that best suits your need. You'll see the estimated monthly payment amount, total to be repaid and end of term date to help in your repayment plan selection. Advance to Section 4 of this document if a Fixed Repayment Plan was chosen.

Choosing Income-Driven Repayment Plan

You'll first be asked to provide approval to retrieve federal tax information. This information will be used to assist in determining your eligibility and calculate your monthly payment for an Income-Driven Repayment Plan. Providing this authorization will allow FSA to auto-certify income information during this application process and for future annual IDR recertifications for as long as consent is provided.

Note: authorizing the use of federal tax information will only apply for borrowers holding Direct Loans. If Federal Family Education Loans (FFEL) need to be included in this consolidation, you must provide alternate documentation for those loans.

Authorization to Retrieve Federal Tax Information

- Includes Frequently Asked Questions.

Note: Choosing to decline authorization to retrieve Federal Tax Information is an option. If you decline, you will need to provide alternative income documentation as outlined in the IDR plan request.

Determining your IDR Eligibility


You'll be asked a series of yes/no questions regarding the topics below. Some questions may also include manually entering requested data. A general idea of what you'll be asked for is below.

- Confirm your marital status.
- Confirm whether you are currently separated, if married.
- How you filed your taxes – separately or jointly with a spouse.
- Your spouse's financial income and personal information to allow for authorization of Federal Income Tax information retrieval.
- Changes in your family size.
 - You may be asked to enter the number of children or other dependents if your information cannot be confirmed.
- Automatically importing your tax return information (if selected).
 - You may be asked to manually include income information for both you and your spouse if you did not choose to automatically import your tax return information. The consolidation workflow will prompt you to add income data at the correct point for you and your spouse, if necessary.
 - You may also be asked if you've had any significant changes in your income in the last two years if you did not choose to automatically import income tax data.

Select Your Repayment Plan

Select Your Repayment Plan

This page provides information on the available IDR plans. You can review and select the loan repayment option that works best for you.

**Are You Eligible for IDR Plans?**

You may not be eligible for all the IDR plans displayed on this page. If you have Federal Family Education Loan (FFEL) Program loans or if you are in default on a Direct Loan, you are eligible only for the Income-Based Repayment (IBR) Plan.

If you have a consolidation loan that repaid a parent PLUS loan, you are eligible only for the Income Contingent Repayment (ICR) Plan.

Income-Based Repayment (IBR) Plan [Select](#)
Ideal if you expect to continue to have a low income or have graduate school debt. [View Eligibility >](#)

Pay As You Earn (PAYE) Repayment Plan [Select](#)
Ideal if you expect to continue to have a low income or have graduate school debt. [View Eligibility >](#)

Income-Contingent Repayment (ICR) Plan [Select](#)
Any borrower with eligible federal student loans can choose this plan. [View Eligibility >](#)

[Previous](#) [Exit Demo](#) [Continue](#)

If you have provided authorization to import your tax income information, you should be given a general idea of what your monthly payment will be for each plan selected. Your monthly payment will be based on your discretionary income, which will be calculated based on family size, income and federal poverty guidelines. There will also be a comparison showing IDR plans vs. fixed repayment plans available to you. This allows you to choose the best repayment plan before moving on to section four.

Select Your Repayment Plan

This page shows you IDR plans with options for lowest monthly and lowest total payments. You can view the available plans and select the loan repayment option that works best for you.

PSLF Estimates ⓘ

Income-Contingent Repayment (ICR) Plan

Lowest Monthly Payment

Select

Any borrower with [eligible federal student loans](#) can choose this plan.

[View Details >](#)

| | | | |
|-----------------|------------------|------------------|--------------------------|
| Monthly Payment | Total To Be Paid | End of Term Date | End of Payment Balance ⓘ |
| \$91 | \$8,710 | Oct 2033 | \$0 |

| | |
|-----------------------|--|
| Monthly Payment Limit | Payments are generally limited to 20% of your discretionary income ⓘ and could be higher than the 10-year Standard Plan amount. |
| Interest Accrual | Unpaid interest accrues . |
| End of Payment Term | Any remaining balance on your loan may be forgiven after 25 years (300 months) of qualifying repayment. The remaining balance may be taxable. |

Compare to a Fixed Payment Repayment Plan

Standard Repayment Plan

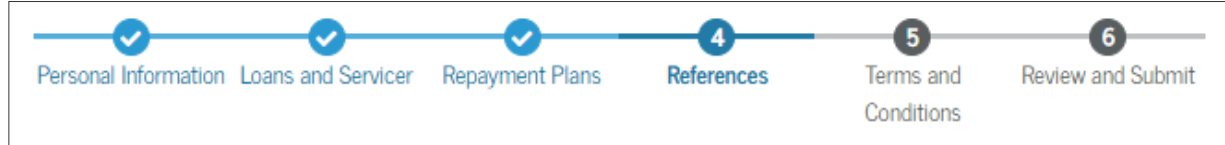
Fixed monthly payments usually set at a 10-year repayment term, with longer terms possible for consolidation loans.

To choose this plan, select "Repayment Plans" in the navigation bar above.

| | | |
|-----------------|------------------|------------------|
| Monthly Payment | Total To Be Paid | End of Term Date |
| \$77 | \$9,230 | Oct 2035 |

[View Details >](#)

Section 4: References



You must have a minimum of two references for your application. These references can either be individuals you already have on file with FSA or new references you can add.

References are people with different U.S. addresses who do not live with you and who have known you for at least three years. The sole purpose of a reference is to help contact you if you are unable to be reached. They will never be required to repay your loan.

You can edit reference information within this section.

References

Add two new references.

0 of 2 Added

You don't have any saved references on file.

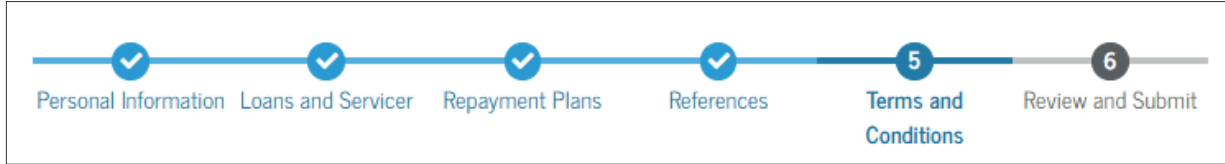
[+ Add Reference](#)

Fill out the reference form completely.

Note: optional information is not required. Click **Add**. Complete this step twice.

Click **Continue**.

Section 5: Terms and Conditions



Overview

Step 5 of the consolidation application involves reading through the Terms and Conditions. This step is divided into four pages that explain the rights and responsibilities that come along with your new loan. We suggest taking the time to read through the terms and conditions to gain a full understanding of your new consolidation loan.

Section 5: Page 1 Summary

This is a legally binding contract. In this section:

- You'll find explanations of how direct consolidation impacts each of the many types of federal student loans eligible for consolidation.
- You'll also find an explanation of your commitment to repay your consolidated loans.
- Lastly, you'll find a description of your authorizations that will enable your loan to be processed.

Section 5: Page 2 Summary

This section outlines:

- The terms of your commitment to repay this consolidated loan.
- The actions you agree to take if you do not make a loan payment.

You'll also find an explanation of what signing this promissory note obligates you to do.

Section 5: Page 3 Summary

This section outlines:

- Gramm-Leach Bliley Act Notice
- Privacy Act Notice
- Financial Privacy Act Notice
- Paperwork Reduction Notice
- About the Borrower's Rights and Responsibilities Statement (BRR – 1-9)

Section 5: Page 4 Summary

This section outlines:

- Second part of the Borrower's Rights and Responsibilities Statement (BRR – 10-15)
- Common Definitions for all fixed and income-driven repayment plans

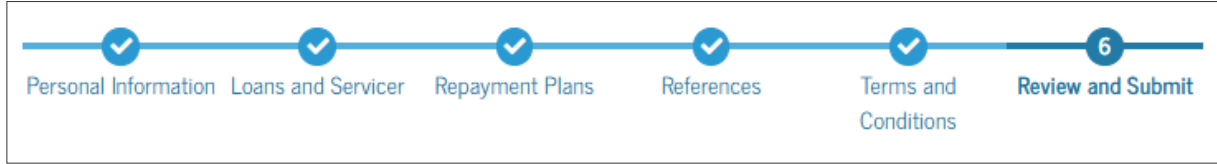
Once you've read through all of the terms and conditions, check the box next to the statement shown below.

Agree to the Terms and Conditions

I have read, understand, and agree to the terms and conditions of this Note, including the Borrower Understandings, Certifications, and Authorizations section, and the Borrower's Rights and Responsibilities Statement.

Click **Continue**.

Section 6: Review and Submit



Step 1: Review Your Application

This review covers all questions and your answers on your application. Take your time to review every section. You will have the opportunity to update this information if needed by selecting the **Edit** option. There are five sections to be reviewed before completing the application:

- Contact Information
- Loans & Servicer
- Personal Information
- Financial Information
- Reference Information

Once you've finished reviewing this information, click **Continue**.

Step 2: Sign Your Application

Complete the application by typing your first name, middle name (optional), and last name.

Provide Your Electronic Signature

By electronically signing this application, I certify that all of the information I have provided on this application and in any accompanying document is true, complete, and correct to the best of my knowledge and belief.

First Name

Middle Name *optional*

Last Name

Name Suffix *optional*

Click **Submit**.

Further Action May Be Necessary

If your income information was not pulled from the IRS website or if you indicated that you or your spouse's income has changed, you'll be prompted to submit an IDR application and income documentation to your new servicer. Print out the IDR application and submit it as soon as possible.

You may also be prompted to have your spouse sign the IDR application if joint ICR was chosen. To do this, you'll need to have your spouse sign into StudentAid.gov and sign the application themselves.

If you indicated an intent to apply for the Public Service Loan Forgiveness program, you'll be prompted to print, complete, and return an Employment Certification Form to your new servicer. This will ensure you are properly qualified going forward.

Start watching for information from your new loan originator. They'll be sending you a Loan Summary Statement giving full details about your consolidated loan. If there are any issues, contact them immediately to address them. There is a 10-day waiting period built into the process to address issues that may arise. You may be able to speed up processing of the application by contacting the loan originator and asking them to waive the 10-day waiting period.

Congratulations! You have now completed the consolidation application. We hope you've found this guide helpful.