

## Student Loan Consolidation Strategies

If you're out of school, you are able to consolidate your federal student loans with any lender you choose (you DO NOT have to consolidate with your lender). Where should you do it? From a financial perspective, there isn't one "best" place for everyone. Different lenders offer different consolidation incentives and what will be best for me will largely depend upon how I plan to attack [or whether I even plan to attack] my student loans after graduation. Here are a few examples of how you should [financially] approach examining the consolidation and repayment of your student loans.

- If you're **planning an extended repayment** (10+ years), review programs that offer the largest rate reduction benefits. With the change in law that took effect on 10/1/07, state consolidation agencies offer the most competitive benefits. Strong examples include North Carolina and New Hampshire.

- If you **plan to repay loans over a short period of time** (5 years or less), consider a program that offers a principal balance credit or offers rate benefits up front (like NH). In general, principal balance benefits will make more sense for you if planning to repay the loan very quickly.

Currently, three state programs (North Carolina, South Carolina, and New Hampshire) are open to students [don't have to call them 'home' to use them] where their consolidation benefits far exceed those of the "average consolidation program" (it is worth a few minutes to check your own state program to see what benefits they offer to see how it stacks up). **North Carolina** is the only one that requires a "connection" (they also offer the largest rate reduction benefits – *2.25% total reduction after on-time payment*), but creating that connection is not hard (5 minutes and \$25) – read more in the article regarding **STATE CONSOLIDATION PROGRAM INFO** at: (<http://financialsuccess.missouri.edu/stateprograms.pdf>).

\*\*Don't consider this info as a rule when considering where to consolidate your student loans, consider it a guideline to follow to help you make the best choice for your specific situation. You will want to "run the numbers" to see what makes the most sense financially for you. Also, always read the fine print carefully ...