

## Consolidation Information

**Question:** If you had \$30,000 on a credit card with a variable interest rate and got an offer for another credit card with a fixed 3% interest rate – would you not want to roll your debt onto that new card???

Your federal loans are on a variable rate with an 8.25% cap - meaning the interest rate on the loans change on an annual basis, and you can potentially pay up to 8.25% should interest rates rise.

Loan consolidation fixes the interest rate to the weighted average of the loans at the current interest rate, whatever that interest rate is at the time.

Interest rates are at an all time low, 2.77% in-school and grace, 3.37% in repayment and *those rates are expected to go up to 5% July 1* when the new annual interest rate is set.

To lock in this low interest rate you must submit the consolidation application prior to the end of June.

Pacific College Graduates who have not already consolidated their loans should consolidate prior to June 30.

Current Pacific College students with outstanding federal student loans from previous institutions can take advantage of loan consolidation. I would recommend that you consolidate your outstanding loans to fix some of your debt at the lower interest rate. **This must be done prior to the end of June.** You will need to then defer this new consolidation loan, just as you defer any current outstanding Stafford Loans.

If you are currently attending and only have loans from Pacific College, to consolidate while in-school you need to request to have your current loans put into immediate repayment. You are then eligible to consolidate those loans. Note: by doing so, you will give up your six month grace period. However you will also be locking in your current debt at one of the lowest interest rates ever. In the course of a 20-30 year repayment, this will save you up to thirty thousand dollars.

If you are still attending and will be taking out additional student loans, those loans will not be part of the consolidation and will be at the variable rate with the 8.25% cap. At the point you complete your program, you will have the option of re-consolidating all your debt into a single consolidation loan.

If you have all your student loans at one holder, you need to consolidate with that holder. If you have loans held by various lenders, you can go with any lender. We recommend that you consider consolidating with Educaid/Wachovia [www.educaid.com](http://www.educaid.com). Reviewing the various lender options, they have some of the best repayment incentives, though there may be other good lender incentives out there as well.

**I would encourage anyone with outstanding student loans to consolidate their federal student loans prior to June 30 to take advantage of fixing your current debt at the low interest rates.** Questions about the consolidation process should be referred to your lender. Most of the major lenders have information on their websites and have customer service representatives to help you.

I may be able to answer some of your questions, but will likely refer you directly to your lender for more specifics.

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