

CONSOLIDATION PRIMER
Consolidation as Part of Your Repayment Strategy
Class of 2014 Dental Hygiene Graduates

You may be considering consolidation as part of your overall repayment strategy as you graduate and transition into your dental career as a dental hygiene graduate. Consolidation is a process whereby you pay off multiple loans with one new loan. There are both advantages and disadvantages to consolidation, and while it is an effective debt management tool for some dental hygiene graduates, it is not appropriate for everyone. We anticipate that many dental hygiene graduates in the Class of 2014 will not need to consolidate their student loans.

Potential Advantages

- Convenience
 - One loan, one loan servicer, one payment, one place to file forms
- Converts former non-Direct Loans into Direct Loans
 - Only Direct Loans (Stafford, Grad PLUS, and Federal Consolidation Loans borrowed through the Federal Government's Direct Loan Program) are eligible for Public Service Loan Forgiveness (PSLF)
 - You will need to consolidate any non-Direct Loans into a Direct Consolidation Loan in order to help maximize your potential eligibility for PSLF (assuming other PSLF eligibility criteria are met; see www.StudentLoans.gov under Managing Repayment for details on PSLF)
- Repayment term may be extended to 30 years, which lowers monthly payments, but adds to total repayment costs if loan held to term (you take full 30 years to repay)

Potential Disadvantages

- Partially negates an aggressive repayment strategy
 - Voluntary or additional payments cannot be targeted against higher interest rate loans such as Grad PLUS, because you only have one loan at one rate
 - You can still pay early, you are just not getting the best "bang for your buck"
- Can be lengthy and cumbersome process (may take 60-90 days)
- Slightly higher interest rate
 - Interest rate on consolidation loans is a "weighted" rate of all loans being consolidated, rounded up an eighth of a percent (.125%) then fixed for life of loan
- Loss of Grace periods on loans you are consolidating, if you consolidate too early
- Loss of interest subsidy on Perkins and Health Professions Student Loans if they are included in consolidation
 - Balance on these loans is "converted" to unsubsidized status upon consolidation

Important Steps to Consolidation and Helpful Hints

1. New Web portal for consolidation is www.StudentLoans.gov (see PIN section).
2. Once you log in, the consolidation application should be pre-populated with your NSLDS record at www.NSLDS.ed.gov.
3. Important to remain in “Good Standing” on loans during the consolidation process.
 - Pay loans when they come due or postpone until paid through consolidation
 - Start consolidation early enough to allow time for consolidation to go through before loans you are consolidating come due
4. You are now allowed to select a loan servicer to both process your Direct Consolidation Loan application and to service your new Direct Consolidation Loan
 - Borrowers may choose between FedLoan Servicing, Great Lakes, Nelnet, and Sallie Mae
 - Borrowers interested in Public Service Loan Forgiveness may want to select FedLoan Servicing, as they are the designated PSLF loan servicer
5. In general, you do not forfeit Deferment and Forbearance options when you consolidate.
6. You will be able to confirm consolidation is accurate before loans you are consolidating are paid in full by reviewing the Direct Consolidation Loan Summary Sheet that will be sent prior to your loans being paid in full.
7. You can check the status of your consolidation loan by calling 800.557.7392.
8. ADEA strongly recommends you document the entire application process.
9. Watch for additional information from ADEA with regard to any important developments on consolidation

So, are you a candidate for consolidation?

You *MAY* be if:

- You have multiple loan servicers and would like the convenience of having one loan and one loan servicer, and/or
- You have some non-Direct Loans and are interested in Public Service Loan Forgiveness (PSLF) and thus want to ensure you maximize your potential forgiveness amount under PSLF (meaning you want to be sure it applies to your entire balance, not just to some of your loans; remember only Direct Loans qualify for PSLF, assuming other requirements are met)

You *MAY NOT* be if:

- You already have one loan servicer and
- You are not interested in PSLF or all your loans are already Direct Loans

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