



Families Benefit From Record Low Student Loan Interest Rates

LINCOLN, Neb., Jul 1, 2004 /PRNewswire via COMTEX/ -- Effective today, students, graduates, and parents paying for college with federally guaranteed education loans will benefit from the record low interest rates. For the fourth year in a row, financing an education has become more affordable with lower interest rates.

The new interest rate on federal Stafford loans made on or after July 1, 1998, will be 2.77% for borrowers in school, grace, or deferment and 3.37% for borrowers in repayment. Federal PLUS loans for parents made on or after July 1, 1998, will have a new rate of 4.17%. These new rates will be in effect from July 1, 2004, through June 30, 2005.

"Increasingly more students will depend on student loans to make their higher education dreams a reality," said Don Bouc, Nelnet President and chief spokesperson. "Financing an education with student loans continues to be an affordable option for many families. With today's record low rates it has become even less expensive."

Low interest rates are also good news for graduates considering student loan consolidation. Through consolidation, borrowers can combine multiple federal student loans, such as Stafford and PLUS loans, into one loan with one low monthly payment. The new fixed interest rate for a Consolidation loan is determined by taking the weighted average of the interest rates of the original federal student loans, rounded up to the nearest 1/8%. Borrowers in their grace period can continue to lock-in a rate as low as 2.875%, and borrowers in repayment can lock-in a new rate as low as 3.375%.

"It is a great time for new graduates to consolidate their student loans," commented Bouc. "Locking in these low rates for up to 30 years ensures you will have a low monthly payment, even if interest rates increase in the future."

In addition, Nelnet offers Stafford, PLUS, and Consolidation loan borrower benefit programs that reduce interest rates even further. For Consolidation loans, Nelnet provides valuable benefits to borrowers who complete and electronically sign their application online, including a 1% interest rate reduction after 36 initial, regular, on-time payments and an additional .25% interest rate reduction for auto-debit payments. Together, these benefits reduce the borrower's rate by another 1.25%, potentially saving thousands of dollars in interest over the life of the loan.

The variable interest rate on most federally-guaranteed student loans is reset annually based on the final auction of the 91-day T-bill held prior to June 1, and is effective July 1. The formula is equal to the bond-equivalent rate for the T-bill plus an interest rate margin set by Congress. The margin for loans disbursed on or after July 1, 1998 is 1.7% for Stafford borrowers who are in school, grace, or deferment; 2.3% for Stafford borrowers who are in repayment; and 3.1% for parents with PLUS loans.

More information regarding student loan consolidation is available at www.consolidation.nelnet.net or by calling toll-free at 1.866.4CONSOL (426.6765).

Nelnet is one of the leading educational finance companies in the United States and is focused on providing quality student loan products and services to students and schools nationwide. With over \$12 billion in total assets, Nelnet originates in excess of \$2 billion for itself and its service partners annually, and its servicing software is used by 35 clients, including Nelnet, to service over \$49 billion in student loans. Nelnet ranks among the nation's leaders in terms of total student loan assets.

Nelnet offers a broad range of student loan and financial services and technology-based products, including student loan origination and lending, guarantee servicing, and a suite of software solutions. Our products are designed to simplify the student loan process by automating financial aid delivery, loan processing, and funds disbursement. Our services help to facilitate and streamline education finance for all involved in the industry, including student and parent borrowers, lenders, financial aid officers, guaranty agencies, governmental agencies, servicers, and the capital markets.

Additional information about the company is available at www.nelnet.net.

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