



Time Is Running Out: Save Thousands With Federal Student Loan Consolidation Before July 1

LINCOLN, Neb., April 19, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Student loan interest rates are projected to increase almost 40 percent on July 1, leaving many borrowers one last chance to consolidate their federal student loans at this year's low interest rates. Federal student loan consolidation with Nelnet allows students and families a chance to reduce monthly payments and lock in low interest rates -- potentially saving thousands of dollars over the life of the Consolidation loan.

For example, a student loan borrower in grace or in-school deferment with a \$20,000 balance and 20-year consolidation term can save almost \$5,123 in interest by completing and sending in his or her Consolidation loan application before July 1. This interest savings is calculated over the life of the Consolidation loan for borrowers with Stafford loans, which are consolidated at the applicable 4.75 percent interest rate for loans in grace or deferment as compared to the 6.625 percent interest rate projected for such loans as of July 1. In addition, a borrower could reduce his or her monthly payment by \$22 by consolidating at the lower interest rate.

For Stafford borrowers with loans in repayment totaling \$20,000 and applying a 20-year consolidation term, a borrower could save almost \$5,257 in interest by consolidating before July 1 at the lower interest rate. This savings is calculated using the applicable interest rate of Stafford loans that are in repayment, 5.375 percent, as compared to the projected interest rate for such loans as of July 1, 7.25 percent. A borrower could reduce his/her monthly payment by \$22 by consolidating at the lower interest rate.

"This is the last hurrah for in-school borrowers," said Nelnet Spokesman Eric Solomon. "After July 1, in-school borrowers will have to wait until they graduate or drop to less than half-time enrollment to consolidate, forcing them to take a risk of higher interest rates and paying more for their education." New provisions in the Deficit Reduction Act, which passed in February, 2006, prevent borrowers from requesting early repayment and consolidation of loans in an in-school status after July 1.

"We [at Troy University] strongly urge all eligible students to consolidate before the July 1 interest rate change," said Fred Carter, Associate Vice Chancellor of Financial Aid at Troy University. "This allows them to get the lowest possible monthly payment, a fixed interest rate, and the opportunity to save thousands of dollars in interest payments. Many of our students still repay within the 10 years but consolidation affords them the opportunity to lock in the lowest possible rate over the longest time."

Student loan consolidation combines multiple federal student loans, such as Stafford and PLUS loans, into one loan with one low monthly payment. The fixed interest rate for a federal student loan consolidation is determined by taking the weighted average of the interest rates of the original student loans, rounded up to the nearest 1/8 percent.

In addition, Nelnet offers valuable benefits to borrowers, including a 1 percent interest rate reduction after 36 initial, regular, on-time payments, and an additional .25 percent interest rate reduction for auto-debit payments. Together, these benefits reduce borrowers' interest rates by another 1.25 percent, potentially saving thousands of dollars in interest over the life of the loan.

"Consolidation presents a great opportunity for borrowers to effectively manage their student loan debt and save money," adds Solomon. If you are unsure what's best for you, please contact a Nelnet Consolidation Advisor via e-mail or Web chat at www.nelnet.net/save or call toll-free 24 hours a day, seven days a week at 1.866.4CONSOL (426.6765).

Nelnet is one of the leading education finance companies in the United States and is focused on providing quality products and services to students and schools nationwide. Nelnet ranks among the nation's leaders in terms of total net student loan assets with \$20.3 billion as of December 31, 2005. Headquartered in Lincoln, Nebraska, Nelnet originates, consolidates, securitizes, holds, and services student loans, principally loans originated under the Federal Family Education Loan Program of the U.S. Department of Education.

Additional information is available at www.nelnet.net.

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