

- › You may be eligible for a low fixed interest rate for the life of your loans
- › You may be able to cut your monthly payments in half

By Jean-Marie Lovett

## Student Loan Consolidation

**N**ow that you have passed the bar, are working in law, and are establishing yourself professionally, the last thing you want to think about might be paying off your student loan debt—but it should not be. Timing is critical to maximize the amount that you can save by consolidating your student loans.

**What is student loan consolidation?** The Higher Education Act provides for a loan consolidation program that enables you to combine your eligible student loans. Typically, this results in lower monthly payments and a low fixed interest rate. By law, the interest rate on your consolidation loan is either the weighted average of the interest rates that you are currently paying on your existing federal student loans rounded up to the nearest eighth of a percent or 8.25 percent, whichever is lower. With consolidation, you can extend payments to better match your income with your loan payments. Student borrowers and parents (with qualifying loans) can take advantage of consolidation.

**Why consolidate?** The reasons for consolidation are many. They include:

- You may be able to cut your monthly payments in half.
- If you are a new graduate, you may be able to consolidate your eligible loans within the grace period (before you begin repayment) and have the opportunity to reduce your interest rate by an additional .6 percent.
- You may be eligible for a low fixed interest rate for the life of your loans.
- You have a choice of flexible payment plans.
- You can reduce your interest rate by an additional .25 percent by making your payments by auto-debit. This benefit does not lower the monthly payment but does reduce the interest that accrues.
- You will have one loan payment per month, making your life a little easier and

making it less likely you will miss a payment.

- Some loan consolidation programs give borrower benefits (extra savings for their customers) that can allow you to further reduce your interest rate.

**When to consolidate?** The time is right for you to consider consolidation.

Maximizing savings through student loan consolidation is geared toward students who are about to graduate or who have recently graduated. If you wait to apply for consolidation, you may miss the opportunity to reduce the interest rate on eligible loans by .6 percent. This alone could be a significant savings in interest over the life of the loan.

**How much can you save?** To give an example, if you have eligible student loans to consolidate with an entity such as the Los Angeles County Bar Association Student Loan Consolidation Program, you could save up to 1.85 percent on the interest rate with automatic payments, on-time payments (after 36 consecutive on-time monthly payments and for as long as you continue to make on-time payments), and consolidation during your grace period. Taking all these borrower benefits into consideration, if your eligible loans total \$20,000, this could mean an approximate savings of \$6,135 over the life of the loan. (This was calculated under the level repayment option using an interest rate of 6.25 percent. On-time interest rate reduction is based on the student loan consolidation program borrower benefits.)

**Do the research.** You can compare consolidation programs among lenders. Since all student loan consolidators offer a federally legislated and regulated service, many features of the programs are similar. However, when it really comes down to it,

the most important features include the amount of benefits the lender can offer you and the service you will receive. In these categories, the Los Angeles County Bar



Association Student Loan Consolidation Program is equal to or stronger than others in the market. The Los Angeles County Bar Association has done its research to make sure their members get the best benefits. CFS Affinity Services is the proud partner of the Los Angeles County Bar Association Student Loan Consolidation Program.

**Apply on your own time.** This program could not be easier—for many borrowers, everything can be done online, including chatting with a loan counselor and signing the application with eSignature. Payments can be automatically deducted from a bank account. There are no credit checks, origination fees, or penalties for early prepayment, so you can theoretically pay off your loans as quickly as you can afford to. A counselor is available for Los Angeles County Bar Association members. Visit online or call toll free to (866) 318-9573 to learn more. ■

Jean-Marie Lovett is vice president of Affinity Partner Relations for CFS Affinity Services.