

## Consolidating Your Federal Student Loans

*Borrowers can combine multiple federal student loans into a single Direct Consolidation Loan, making the debt easier to manage. Simpler, though, is not always better, so the decision to consolidate should be made carefully.*

### Pros and Cons of Consolidating

A federal consolidation loan cannot be “undone,” once it has been disbursed, so weigh the advantages and disadvantages of consolidating before taking the steps to consolidate.

#### Pros of Consolidation:

- Creates a single payment to a single servicer.
- May possibly provide a lower monthly payment.
- Provides a fixed interest rate.
- May extend the repayment term up to 30 years - depending on the amount of debt and the repayment plan selected.
- May make loans eligible for Pay As You Earn (PAYE) or Public Service Loan Forgiveness (PSLF).

#### Cons of Consolidation:

- May lose borrower benefits such as interest rate discounts or principal rebates.
- May create a longer repayment term, which can result in higher interest costs.
- The new interest rate is a weighted average of the consolidated loans, so the rate will be **rounded up** to the nearest 1/8 of a percent.
- May negatively impact grace, deferment, or forgiveness options.

View the [Effects of Loan Consolidation](#) to determine if consolidation is beneficial to you.

### Which Loans Can Be Consolidated...and When?

Most federal education loans are eligible for consolidation after you complete (or separate from) medical school.

**Stafford Loans** can be consolidated when borrowers are in their grace period or at any time in which the borrower is no longer enrolled full-time.

**Perkins Loans** can be consolidated; however, the subsidy and some extended grace options will be lost.

**PLUS Loans** can be consolidated once the loan has been fully disbursed and as long as the borrower is enrolled less than half-time.

**Consolidation Loans** can be re-consolidated when new loans are included in a new consolidation loan, or when attempting to move a loan into the Direct Loan program.

### How to Consolidate

If your loans are in good standing, you can complete the Direct Consolidation Loan application online at: <https://studentloans.gov>. (Access to a paper application and additional directions are also available on this website).

If you are in default on a federal student loan, you may still be eligible for consolidation, but you need to meet certain requirements. Visit the [Direct Loans](#) website for more details.

### When Does Repayment Begin on a Consolidation Loan?

Repayment on a consolidation loan will generally begin within 60 days of disbursement, unless the borrower qualifies for a deferment or forbearance. Consolidation loans, like all federal education loans, do not have a prepayment penalty, so they can be paid aggressively to save time and money.

#### Interest Rates for Consolidation Loans

The interest rate for Direct Consolidation Loans is fixed for the life of the loan and is based on the weighted average of the interest rates of the loans being consolidated.

#### More Consolidation Loan Information

For additional details and step-by-step consolidation guidance, check out the [Department of Education's Website](#).

#### Related Fact Sheets

- [Loan Repayment Options](#)
- [Should You Consolidate?](#)
- [Postponing Loan Repayment During Residency](#)
- [Income-Based Repayment](#)
- [Pay As You Earn Repayment](#)