

Direct Loans

William D. Ford Federal Direct Loan Program

If you borrowed money to help pay for you or your child's education after high school and you still owe money on these loans, the U.S. Department of Education's **Federal Direct Consolidation Loan Program** may help you manage your loan repayment.

What are the advantages of a Direct Consolidation Loan?

- **Affordability** – By consolidating your education loans, you may be able to extend your loan repayment period. Extending your repayment period reduces your monthly payments. But, remember, if you take longer to repay your loan, you'll pay more interest and, therefore, a higher total amount over the life of the loan.

When you consolidate your federal education loans into a Direct Consolidation Loan, you'll be able to take advantage of the interest rates available in the Direct Loan Program. This may reduce the total amount of money you repay over the length of your loan.

- **Flexibility** – If you consolidate your loans, you'll gain financial flexibility. You'll be able to choose from several different repayment plans and change your repayment plan as your financial circumstances change. You pick the plan that best fits your needs.
- **Efficiency** – A Direct Consolidation Loan allows you to consolidate loans from different Lenders. If you have different types of loans (subsidized and unsubsidized student loans and/or parent PLUS loans), you may consolidate all of them into a single consolidation loan. You'll receive only one monthly bill.

There are no loan fees charged, and there are no minimum or maximum loan amounts in the Direct Consolidation Loan Program.

- **Convenience** – By consolidating your education loans, you simplify your loan Commutations requirements. You'll have only one place to send your monthly payment and only one phone call to report a change of address or phone number, request a deferment, or ask a question about your loan(s).



Need More Information?

Call the Loan Origination Center's Consolidation Department for:

- ✓ Answers to your questions about Direct Consolidation Loans
- ✓ Assistance with comparing the cost of your current loans to the cost of a new Direct Consolidation Loan
- ✓ Estimate repayment amounts under the four repayment plans
- ✓ Help filling out the form

Toll-Free Number 1-800-577-7392

Toll-Free TDD Number 1-800-557-7395



Visit the Direct Loan web site to:

- ✓ Use the "Interactive Calculators" to compare repayment amounts under the four repayment plans and to develop a budget.
- ✓ Look up account information for your current Direct Loans
- ✓ Download Direct Consolidation Loan Application Materials
- ✓ Apply electronically for a Direct Consolidation Loan

Internet Address: www.loanconsolidation.ed.gov

What are my repayment options?

- **Standard Repayment Plan** – A fixed payment of at least \$50 a month for up to 10 years.
- **Extended Repayment Plan** – A fixed payment of at least \$50 a month over a period that varies from 12 to 30 years, depending on the total amount of your Direct Consolidation Loan and other allowable education loans.
- **Graduated Repayment Plan** – Your payment starts out low, then increases, generally every two years. The length of your repayment period will vary from 12 to 30 years and depends on the total amount of your Direct Consolidation Loan and other allowable education loans.
- **Income Contingent Repayment Plan** – With income-contingent repayment, your monthly payments will be calculated on the basis of your annual income and the total amount of your Direct Loans. (Remember that parents may not use this plan to repay Direct PLUS Consolidation Loans.)