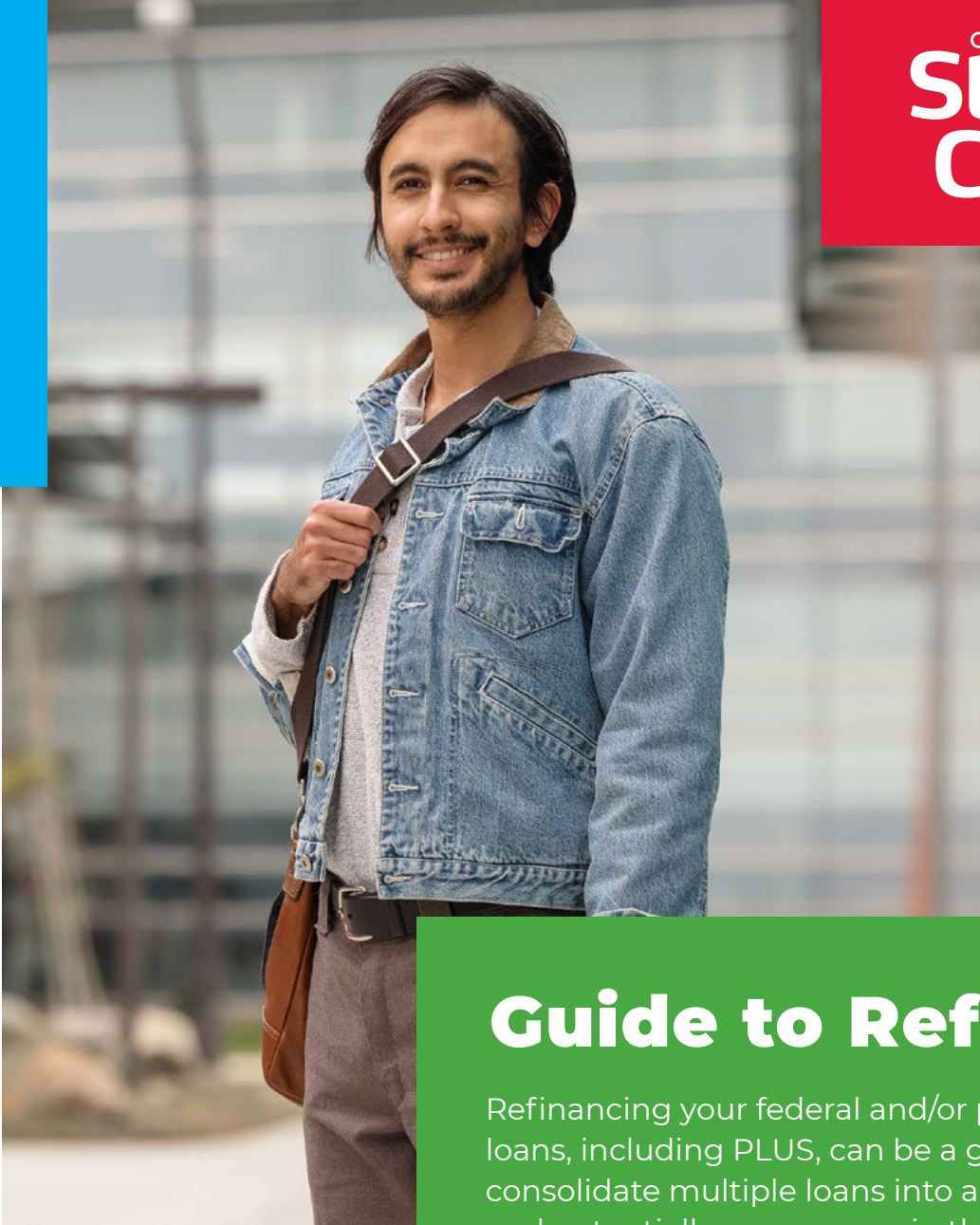




CREDIT UNION

**Student
Choice**



Guide to Refinance

Refinancing your federal and/or private student loans, including PLUS, can be a great way to consolidate multiple loans into a single payment, and potentially save money in the long run – but every student loan situation is unique. Continue reading to learn about what to consider before deciding if you should refinance.

IMPORTANT: In August 2022, the Biden administration [announced](#) several measures related to federal student loans, including the suspension of payments and interest until 12/31/2022, a level of debt cancellation based on income, and changes to income-based repayment options. Before refinancing federal student loans into a private student loan, make sure to educate yourself about these benefits.

YOU SHOULD CONSIDER REFINANCING IF:



**You're paying a
high interest rate
on your loans**



**You are juggling
multiple student loans
(private and/or federal)**



**You have a
good credit history
or a strong co-signer**



Pros of Refinancing

- One loan with one simple payment means less paperwork and hassle
- Potentially save money on interest with a shorter repayment term
- Potentially lower your payment to help with monthly cash flow

Cons of Refinancing

- Potential loss of certain borrower benefits associated with federal student loans*
- Payments could be extended over a longer repayment term in exchange for a lower monthly payment
- Shortening the repayment term (which may reduce interest paid) could raise your monthly payment

** By refinancing federal student loans, you may lose certain borrower benefits from your original loans. These may include interest rate discounts, principal rebates, income-based repayment, or some cancellation benefits that can significantly reduce the cost of repaying your loans. [Read More.](#)*

STUDENT LOAN REFINANCING FAQs

1.

What does it mean to refinance my loans?

Once your student loans have entered grace or repayment, you may have the option to refinance (and consolidate) them into a new loan with a private lender, such as a credit union. This means you can **combine multiple loans into one new loan**, with one payment and one interest rate.

2.

Can I combine federal and private loans?

If you utilize the federal government's consolidation program, you may only consolidate your federal loans. If you choose to refinance and consolidate your loans with a private lender, **you may be able to combine both federal and private loans**.^{*} This includes PLUS loans that may have been taken in a parent's name, which can be refinanced by either the graduate or the parent borrower. Keep in mind that by refinancing your federal student loans with a private lender, you may lose certain borrower benefits from your original loans.

** Options and terms may vary by credit union.*

3.

Are there reasons why I wouldn't want to refinance my loans?

Borrowers who choose to lower their monthly payment may choose a longer repayment term, which **lengthens the life of your loan and can increase the long term interest** paid in exchange for a lower monthly payment.

If you're refinancing federal loans, you are no longer entitled to the repayment options and borrower benefits you'd normally get through your federal loan—like income-based repayment, unemployment deferment, loan forgiveness programs, a grace period, and debt cancellation, such as the measures enacted by the Biden Administration in August 2022.

4.

Who can provide additional information?

Student Choice's College Counselor is an excellent resource for discussing your consolidation and refinance options. You can chat via email or schedule a free, one-on-one phone appointment. [Get Started](#)

STUDENT LOAN REFINANCING FAQs

5.

What is the difference between federal “consolidation” and private loan “refinance”?

Federal Direct Consolidation Loan:

A Direct Consolidation Loan from the federal government allows you to **consolidate multiple federal education loans into one loan**.** The result is a single monthly payment for your federal student loans at one interest rate instead of multiple payments.

- A Direct Consolidation Loan has a fixed interest rate for the life of the loan. The rate is based on the weighted average of the interest rates on the loans being consolidated, rounded up to the nearest one-eighth of 1%. There is no cap on the interest rate of a Direct Consolidation Loan.
- Offered only via the federal government – learn more at StudentAid.gov
- Available only for federal student loans, private loans cannot be consolidated
- A PLUS loan made to the parent of a dependent student cannot be passed on to the student during the consolidation
- Repayment term can be readjusted between 10-30 years

Private Student Loan Refinance:

Your credit union will **pay off your existing student loans** (including federal and private) **and combine them into a single new loan**. You will then make a single loan payment to your credit union instead of multiple lenders.

- Borrowers may choose fixed or variable interest rates which are then set based on your financial and credit history***
- Refinance private and federal student loans (including parent and graduate PLUS loans) into one payment**
- You can potentially lower your interest rate or monthly payment depending on the repayment terms you select.

Federal repayment programs such as income-based repayment, unemployment deferment, loan forgiveness program will no longer be available.

*** Keep in mind that by consolidating your federal student loans, you may lose certain borrower benefits from your original loans.*

**** Options and terms may vary by credit union.*

Learn More

Refinancing your student loans can be a great way to consolidate payments and potentially save money on interest over time. However, refinancing may not be the best option for everyone. Use these resources to help determine if refinancing could be right for you.

[Refinance Calculator](#)

[College Counselor](#)

[Find My Rate](#)