



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.

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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**

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

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



Zach A.
Member Since 2007

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.*

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
- Multiple repayment term options

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.

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](#)

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* **IMPORTANT:** Carefully consider your options before refinancing federal student loans, as they will no longer qualify for current and future federal benefits once refinanced with a private lender. All loans are subject to credit review and approval.