



Dollars & Sense

Spring 2006

Loan Consolidation for non-graduating students:

If you are not graduating in May, and have only attended Direct Lending Schools:

Consolidate your Federal Stafford Loans by calling

1-888-758-9730

PLUS Loan Borrowers

Parents borrowing the PLUS loan also can consolidate PLUS loans to lock in the current rate of 6.1%.

Federal Direct Loan Interest Rates for July 1st, 2005 through June 30th, 2006

Current Stafford Loan interest rates are:

In-School	4.70%
Loans in Repayment	5.30%
Parent Plus Loans	6.10%

Don't Wait Consolidate!

Loan consolidation is something you should consider whether you're getting ready to graduate or borrowing funds for the first time. Loan consolidation allows you to lock in at a fixed interest rate currently, 4.7%. You also have the ease of one monthly payment, without having to keep track of multiple lenders.

What loans can be consolidated?

Direct Loan Consolidation allows you to combine your Federal Stafford (subsidized and unsubsidized), Direct Stafford (subsidized and unsubsidized), Perkins, or previous Consolidation Loans into one payment. In addition, parents who have borrowed through the PLUS program can also consolidate their parent loans. You cannot include alternative loans, such as ISU Partnership or Wells Fargo Collegiate Loans, in a Direct Loan Consolidation.

What are the benefits of Direct Loan Consolidation?

Unlike variable interest rates, which change on a yearly basis, your consolidation interest rate will remain the same for the life of the loan. If you lock in your rate as a freshman or sophomore and take out more loans, you can consolidate those loans later, and your new fixed interest rate will be based on the weighted average of the consolidated loans and the new loans.

Other consolidation benefits include an additional discount on the interest rate of .25% if you sign up for direct debit payments. You won't ever have to write a check to Direct Loans, and they lower your interest rate! With a consolidation loan there is no penalty for paying your loans off early, and you are offered the same four repayment plans as your Direct Loans.

When should you consolidate?

The current interest rates on Direct Loans are effective through June 30, 2006. You should consolidate while you are either in school or nearing the end of your 6-month grace period if you have graduated. If you are taking loans for the fall and spring semesters, you should wait until your loan is fully disbursed in the spring before consolidating.

How do you consolidate your loans?

You have three ways to consolidate: online, mail, or phone. You can consolidate online at www.loanconsolidation.ed.gov. You will need your Department of Education PIN number for this site. If you don't have a PIN, you can register for one at www.pin.ed.gov. You can also call 1-800-557-7392 to have a consolidation packet sent to you. If you are only consolidating Direct Stafford Loans, you can call 1-888-758-9730 to consolidate over the phone. You can find your federal loan information at www.nsls.ed.gov.

To learn more visit our website at www.financialaid.iastate.edu

Keep in Touch!

You should monitor your ISU e-mail account often to learn about your financial aid details or additional information being requested. Use AccessPlus to view your financial aid award, financial aid status, university bill, and much more. Our website (www.financialaid.iastate.edu) is a great resource to find answers to your financial aid questions. ISU e-mail and AccessPlus are our primary means of communicating your financial aid status.

Summer Financial Aid

Students who have registered for summer classes and wish to receive financial aid to help pay for the expenses will need to complete a Summer Aid Application on AccessPlus.

To be eligible for summer financial aid you must be enrolled at least half time.

Half-time requirements for Summer:

<u>Total weeks of class</u>	<u>Credit Hours</u>
8 weeks or less	3 credits undergrad/ 3 credits graduate
More than 8 weeks	5 credits undergrad/ 4 credits graduate

Verification

Because students and families sometimes estimate tax information or make errors on their FAFSA application, colleges have procedures for verifying the reported information. This helps to insure that students receive the maximum amount of funding for which they qualify. The Office of Student Financial Aid will compare the information from the FAFSA with the federal tax returns for the student, parents (for dependent students), or spouse (for married students). If you are selected to supply this information you must complete the verification process to receive federal financial aid. This process is mandated by the code of Federal Regulations 34 CFR 668, Subpart E.

2006-2007 Financial Aid Awards

Returning Students

- Financial aid awards for returning students will be available on AccessPlus beginning mid-April. You will receive an e-mail at your ISU e-mail account when your award is available.

Incoming Freshman

Financial aid awards are available beginning April 4, 2006.

Changes on Federal Direct Stafford and PLUS Loans

As a result of Higher Education Reconciliation Act of 2005, there are some changes that will effect your Federal Direct Student Loans.

- Federal Direct Stafford Loans disbursed after July 1st, 2006 will be at a fixed interest rate of 6.8%. Loans disbursed prior to July 1st, 2006 will remain variable unless you consolidate them.
- Federal Direct PLUS loans disbursed after July 1st, 2006 will be at a fixed interest rate of 7.9%
- Expansion of the PLUS loan program for graduate and professional students.
- Federal Direct Stafford and PLUS loans will no longer be eligible for in-school consolidations.
- Effective July 1st, 2007 Federal Direct Stafford Loan eligibility will increase.