

Student Loan Consolidation Interest Rate

Student loan consolidation interest rate - Learn how to get the best rate.

Aug. 15, 2009 - [PRLog](#) -- Student loan consolidation interest rate

Today, going to college can cost a great deal of money. Not only do you have to consider your tuition, you need to pay for textbooks, room and board. Students use student loans to pay for a number of their college needs. Majority of these students hold multiple student loans. Each loan has a different billing cycle, creditor, and interest rate. One way to make paying these loans easier is loan consolidation. Loan consolidation is having all your student loans turn into one new loan. This single loan is handled by one creditor. There are two types of loan consolidation: Federal and Private loan consolidation. When looking for a loan consolidation company that's appropriate for you, you need to consider their interest rates. The Interest rate can be the most important part of any loan. For more information, visit <http://student-loans-consolidation1.com/student-loan-consolidation-interest-rate>

Federal loan consolidation is funded by the U.S. Department of Education or the U.S. Government. Either the Government or the Department of Education combines your multiple student loans into one new loan. The interest rate on Federal Loans change according to the 91-day Treasury bill or T-Bill. This may vary every year, each May. Federal Loan Consolidation rates are set on the US Treasury and by the Congress. The Federal interest rate is the weighted average of student loan interest rates. The interest rate for Stafford loans will be the T-Bill plus 1.7%, while for federal PLUS loans, the interest rate is the T-Bill plus 2.3%.

Federal loans are set at a fixed rate, but this is subject to change. Originally, the federal interest rate was a fixed rate, soon after turned into a variable, but on July 1, 2006 it returned back to a fixed rate. With federal loans there is a possibility it may change in the future. Federal loans include PLUS Loans and Stafford Loans.

Stafford Loans are fixed-rate loans. For Stafford Loans you have unsubsidized and subsidized Stafford Loans.

For Subsidized Stafford loans that are paid out to professional and graduate students, the interest rate is set at 6.8%. Interest rates for subsidized Stafford loans, for undergraduate students are:

For loans first paid out between July 1, 2006-June 30, 2008, the interest rate is set at 6.8%.

For loans first paid out between July 1, 2009-June 30, 2010, the interest rate is set at 5.6%.

For loans first paid out between July 1, 2010-June 30, 2011, the interest rate is set at 4.5%.

For loans first paid out between July 1, 2011-June 30, 2012, the interest rate is set at 3.4%.

For loans first paid out between on or after July 1, 2012, the interest rate is set at 6.8%.

For Unsubsidized Stafford loans, the interest rate is fixed at 6.8%. This is disbursed to graduate students and undergraduates.

The interest rate for PLUS loans first paid out beginning July 1, 2006 is fixed at 8.5%. The interest rate on PLUS loans first paid on or after July 1, 1998 but before July 1, 2006 is variable and may well change

annually on July 1 but will never exceed 9%. The current interest rate is 3.28%.

A private loan consolidation company is a company or private creditor. Their interest rates vary. Interest rates are based on either LIBOR (London Interbank Offered Rate) or the prime rate. The credit history is also considered for the student and co-signer. These loans are adjustable or have a fixed rate that changes according to the agreement in the promissory note. In some cases some private student loan consolidation loans could be the same rate as federal to compete with federal low interest rates. For more information, visit <http://student-loans-consolidation1.com/student-loan-cons...>

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