

Important Benefits and Repayment Options You Lose Permanently if You Refinance Your Federal Education Loans

If one or more of the loans you want to refinance is a federal education loan, that is, a loan you obtained directly from the federal government or guaranteed by the federal government, you should consider the following:

- You may be able to consolidate your outstanding federal loans into a Federal Direct Consolidation Loan. The current interest rate for a Federal Direct Consolidation Loan is the weighted average of the interest rates on the loans being consolidated rounded up to the nearest one-eighth of one percent.
- Think carefully before taking out a refinance loan to pay off your federal education loans. If you refinance your federal loans, you will not be able to select income based repayment, pay as you go, income contingent repayment, or other flexible option payment plans that are available to federal student loan borrowers. In addition, federal student loans offer deferment and forbearance options that are not available to you if you take refinance.
- Visit <https://studentaid.ed.gov/types/loans/federal-vs-private> for additional information about the benefits and repayment options available to federal student loan borrowers.
- If you refinance your Federal education loans, you will not be eligible for a Direct Federal Consolidation Loan.
- Learn more about the Federal Direct Consolidation Loan program from your school's financial aid office or visit the Department of Education's website at: <https://studentaid.ed.gov/sa/repay-loans/consolidation> for more information about other consolidation loans.

Federal Student Loan Benefits

THESE FEDERAL LOAN BENEFITS WILL BE LOST IF YOU REFINANCE FEDERAL EDUCATION LOANS*

	FFELP Stafford	FFELP Parent PLUS	FFELP Grad PLUS	FFELP Consolidation	Direct Stafford	Direct Parent PLUS	Direct Grad PLUS	Direct Consolidation
Interest Subsidy								
For subsidized Stafford loans only, interest subsidy during in-school, grace, and deferment periods. Note: There is an exception. Direct Subsidized Stafford loans first disbursed on or after July 1, 2012, and before July 1, 2014, do not receive interest subsidy during the grace period.	✓				✓			
For subsidized Stafford loans only, interest subsidy during Income-Based Repayment (IBR) for a period of up to 3 years from the date of entering the IBR plan (excluding periods of economic hardship deferment) if the monthly payment amount is less than monthly accrued interest.	✓				✓			
For the subsidized portion of a Consolidation loan, interest subsidy during deferment periods.				✓				✓
For the subsidized portion of a Consolidation loan, interest subsidy during IBR for a period of up to 3 years from the date of entering the IBR plan (excluding periods of economic hardship deferment) if the monthly payment amount is less than monthly accrued interest.				✓				✓
No interest accrual during active duty military service for a period of up to five years, provided the loan was first disbursed on or after October 1, 2008.					✓	✓	✓	✓
Postponement of repayment								
Grace period, and extension of the grace period for up to 3 years if the borrower is ordered to active military duty.	✓				✓			✓
Depending on the borrower's eligibility category, the following deferments: in-school, graduate fellowship, rehabilitation training, unemployment, economic hardship, military, post-active duty student, teacher shortage, internship/residency, temporary total disability, armed forces duty, public health service, NOAA, Peace Corps, ACTION program, tax-exempt organization volunteer, parental leave, and working mother.	✓	✓	✓	✓	✓	✓	✓	✓

Mandatory forbearance for the following situations: medical or dental internship or residency, Department of Defense Student Loan Repayment Program, national service, active military duty, debt-to-income ratio, and teacher loan forgiveness. <i>Note: The borrower may receive forbearance under many other situations. Since the other situations are at the lender's discretion and therefore not an entitlement, those forbearance types are not listed.</i>	✓	✓	✓	✓	✓	✓	✓	✓
Loan Discharge and Forgiveness								
Loan discharge – death, total and permanent disability, closed school, false certification by the school, unpaid refund by the school, and identity theft. <i>Note: In the case of a spousal Consolidation loan, a portion of the loan may be discharged if one of the two borrowers meets the discharge criteria. If a Consolidation loan includes an underlying Parent PLUS loan and the dependent student for whom that Parent PLUS loan was obtained dies, the portion of the Consolidation loan attributable to the Parent PLUS loan is discharged.</i>	✓	✓	✓		✓	✓	✓	
Loan forgiveness programs – IBR, teacher, civil legal assistance attorneys, and areas of national need (if this program is ever funded by Congress, which it hasn't been since its inception). <i>Note: Only the portion of a Consolidation loan which repaid eligible FFELP and/or Direct Stafford loans may be forgiven under the teacher loan forgiveness program. A Consolidation loan that includes an underlying FFELP or Direct Parent PLUS loan is not eligible for forgiveness under the areas of national need program. A Consolidation loan which includes an underlying FFELP or Direct Parent PLUS loan is not eligible for IBR forgiveness. A Consolidation loan which includes a FISL, HPSP, LDS, NSL, HEAL, FFELP Parent PLUS, or Direct Parent PLUS loan is not eligible for civil legal assistance attorneys loan forgiveness.</i>	✓				✓			
Repayment Options								
Repayment plans based on the borrower's income (IBR and Income-Sensitive), borrower's indebtedness (Extended), or borrower's choice (Standard and Graduated). <i>Note: A Parent PLUS Loan or a Consolidation loan which includes an underlying Parent PLUS loan is not eligible for IBR.</i>	✓		✓	✓		✓	✓	✓
Loan repayment programs offered by federal agencies other than the Department of Education, such as the Corporation for National and Community Service (AmeriCorps) and Department of Defense.	✓	✓	✓		✓	✓	✓	
Eligibility for consolidation into the Federal Direct Loan Program to receive such benefits as the Pay As You Earn repayment plan and associated loan forgiveness, ICR plan and associated loan forgiveness, public service loan forgiveness, and no interest accrual during active duty military service for a period of up to five years.	✓	✓	✓		✓	✓	✓	
Repayment period of up to 30 years depending on the borrower's total student loan indebtedness at the time of consolidation.				✓				✓

***This may not be a complete list of the federal education loan benefits. We recommend that you visit <https://studentaid.ed.gov/types/loans/federal-vs-private> for additional information about the benefits available to federal student loan borrowers.**