

Eshoo Urges Students and Parents to Examine Consolidation Options for Student Loans

June 5, 2006

Eshoo Urges Students and Parents to Examine Consolidation Options for Student Loans

June 5, 2006

WASHINGTON, D.C. - Because the interest rates on outstanding federal student loans will rise to their highest levels in years, Rep. Anna G. Eshoo, D-Palo Alto, is urging parents and students to consider their options for locking in lower interest rates now.

"By acting before July 1st, students and their parents have the potential to lock in their loans at a lower interest rate, saving thousands of dollars over the lifetime of their loans," Eshoo said.

Student borrowers who consolidate before July 1st may be eligible to lock in a rate as low as 4.75 percent over the life of their loan(s)-which would save the typical undergraduate borrower almost \$3,500 over the life of his or her loan. Students and parents must act quickly to ensure locking in these lower rates. After July 1st, rates will climb to 6.625 percent for continuing students, 7.25 percent for graduates, and 8 percent for parents.

"These increases are a direct result of the Deficit Reduction Act enacted this February," Eshoo said. "I voted against this legislation because it was a bad attempt to offset irresponsible budget decisions and pays for costly tax cuts on the backs of students who are furthering their education."

Information about consolidation can be found on Congresswoman Eshoo's website at <http://eshoo.house.gov/>.

In order to address the interest rate hike, Eshoo is a cosponsor of H.R. 5010, the Reverse the Raid on Student Aid Act. This legislation would cut interest rates in half from 6.8 percent to 3.4 percent, for students with subsidized loans - which go to students with the most financial need - and from 8.5 percent to 4.25 percent for parent borrowers, starting in July 2006. Under H.R. 5150, the typical undergraduate student borrower with \$17,500 in student loan debt would save \$5,600 over the life of his or her federal college loans.

##