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Consolidation can make repaying student loans easier

Colorado's CollegeInvest says recent college graduates have window of opportunity

DENVER, CO- For college seniors who have recently graduated, years of hard work have come to a close. Yet new challenges like finding a job and, for many, repaying college loans are right around the corner.

CollegeInvest – Colorado's not-for-profit higher education financing resource – can help manage that debt with student loan consolidation that puts money back in the pockets of recent graduates.

Nearly two-thirds of college students in the United States borrow money to attend school knowing they will have to start repayment six months from the date they turn the tassel. Consolidating student loans is a debt management strategy that locks in a low interest rate and reduces the monthly payment – sometimes by as much as half.

The extra money consolidation frees up can make a big difference to recent graduates who are just starting their career or anyone else who makes payments on student loans.

Each year, CollegeInvest, a division of the Colorado Department of Higher Education, helps approximately 3,000 graduates consolidate their student loans into manageable repayment plans.

With interest rates expected to rise, CollegeInvest is urging recent graduates to act now and secure low interest rates on their student loans. And, by consolidating within six months of graduating, students can lock in an even lower “grace period rate.” That means that December graduates and summer term graduates are still within their grace period to take advantage of the lower rates.

In addition to incentives that can reduce interest rates by 1.25 percent, Colorado college seniors who consolidate with CollegeInvest will also receive a 1 percent upfront principal reduction when their loan is approved. That means that a student who consolidates \$25,000 in student loan debt with CollegeInvest will immediately see a \$250 reduction in the amount owed.

“We understand that graduates starting their careers often want options to help manage payment of their student loans,” said Katie Powell, a spokesperson for CollegeInvest. “With our borrower benefits, we’re continuing our tradition of giving back to Colorado students and making managing their monthly payments easier.”

EXAMPLE: A graduate who owes \$25,000 in student loans at today's interest rate of 7.1% will start monthly payments of \$291.88 six months after graduation.

That same student who consolidates the same amount of student loans with CollegeInvest while in the grace period could still not have to make the first payment for six months but the student could secure an interest rate as low as 5.375 percent with CollegeInvest's borrower benefits. The monthly payment could be as low as \$186.39 and CollegeInvest's borrower benefits could save the student almost \$6,500 over the life of the loan.

This scenario assumes that the student would qualify and participate in all of CollegeInvest's borrower benefits, which include:

- 1 percent upfront principal reduction.
- 0.25 percent interest rate reduction if monthly loan payment is automatically transferred from a bank.
- 1 percent interest rate reduction if the student makes the first 24 consecutive payments on time.

Consolidation is always a good option even if you have missed your six month grace period. Anybody with a variable rate student loan has the option to consolidate through CollegeInvest to make their payments more manageable.

About CollegeInvest

CollegeInvest is a not-for-profit division of the Colorado Department of Higher Education. Since 1979, CollegeInvest has helped more than half a million families break down the financial barriers to college by providing expert information, simple planning tools, scholarships, 529 college savings plans, and low-cost student and parent loans. For more information, visit www.collegeinvest.org or call 1-800-COLLEGE.

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