



Student Loan REFINANCING GUIDE

Refi, Simplify & Save. A Better Way to Repay Student Loans.

risla.com



Why pay back more than you have to?

If you have college loans of your own or for your child's education, then you are probably counting down the days until they are paid off. College loans can be a challenge to manage. Many students and parents are paying multiple bills every month. Others are paying high interest rates on debt that seems like it will never get smaller. Some people think that this is just the way it is.

If you are looking for a way to make college loan repayment easier and potentially save a lot of money, then we suggest refinancing with RISLA.

What is College Loan Refinancing?

College loan refinancing allows you to take out a new loan to pay off your existing loan(s). Any benefits, rates, and terms that you had on your existing loan(s) are all replaced with the terms, benefits, and rates of the new loan.

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This can be a great thing for some folks and not the best solution for others. Whether or not refinancing is a good move depends on your goals and your personal situation.

When done wisely and responsibly, college loan refinancing can:

- ◆ Reduce your interest rate
- ◆ Reduce the total amount to repay
- ◆ Reduce monthly payments
- ◆ Reduce the number of bills you have to manage
- ◆ Safely remove a cosigner from a prior loan and/or
- ◆ Fix the rate on variable rate loans for consistency of payments

Savings Examples



Parent

- Proud mother of two college graduates
- Had 4 parent PLUS loans with rates ranging from 7.9% – 8.5%
- Loan balance: \$39,350
- Refinanced these 4 parent PLUS loans
- Reduced interest rate to 6.84% APR with a 10-year cosigned loan
- Monthly payment decreased by \$25

Total interest savings of \$3,063



Student

- Happy graduate of business school
- Had 4 private student loans with rates ranging from 8.99% – 12.49%
- Loan balance: \$30,000
- Refinanced these 4 student loans
- Reduced interest rate to 6.44% APR with a 10-year cosigned loan
- Monthly payment decreased by \$65

Total interest savings of \$7,835



Student

- Working professional with 4 private student loans
- Existing rates ranging from 7.99% – 10.99%
- Loan balance: \$50,000
- Refinanced these 4 student loans
- Reduced interest rate to 7.04% APR with a 15-year cosigned loan
- Monthly payment decreased by \$75

Total interest savings of \$13,598

What's Your Current Situation?

Whether or not refinancing your college loans will make a difference will depend on your individual goals and circumstances. If you currently have only Federal Direct Loans with fixed rates below 5% and you don't have any private student loans, then refinancing might not be right for you.

However, if you have parent or graduate student PLUS loans or private loans, refinancing could be a good option. Some considerations you need to take into account are:

- ◆ The interest rate(s) on your existing loans
- ◆ If your loans are fixed or variable rate
- ◆ The length of your current repayment term
- ◆ Your credit rating
- ◆ Whether your loans were for attendance at a Title IV school
- ◆ The degree you earned (Bachelor's, Master's, PhD)
- ◆ Your loan types

TIP: Looking for your current interest rates?

Go to <https://studentaid.gov/> to look up your federal student loan rates. Contact your loan servicer to get your rate on any non-federal loans.

Interest rates can vary widely from loan to loan and whether or not a refinance loan is right for you will often depend on the interest rate you currently pay and the interest rate on your new refinance loan. Depending on your individual situation, refinancing higher rate loans into a lower rate loan could save you thousands of dollars. You may also be able to avoid costly interest rate increases in the future if your current loans are variable rate and you refinance with a fixed rate loan.

Take a look at the historical interest rates on federal education loans. The rate on your loans depends on the type of loan you have and when the loan was made.

	Undergraduate		Graduate Students		Parents & Grad Students
School Year	Subsidized	Unsub	Subsidized	Unsub	Direct PLUS
2015/16	4.29%	4.29%	N/A	5.84%	6.84%
2016/17	3.76%	3.76%	N/A	5.31%	6.31%
2017/18	4.45%	4.45%	N/A	6.00%	7.00%
2018/19	5.05%	5.05%	N/A	6.60%	7.60%
2019/20	4.53%	4.53%	N/A	6.08%	7.08%
2020/21	2.75%	2.75%	N/A	4.30%	5.30%
2021/22	3.73%	3.73%	N/A	5.28%	6.28%
2022/23	4.99%	4.99%	N/A	6.54%	7.54%
2023/24	5.50%	5.50%	N/A	7.05%	8.05%
2024/25	6.53%	6.53%	N/A	8.08%	9.08%

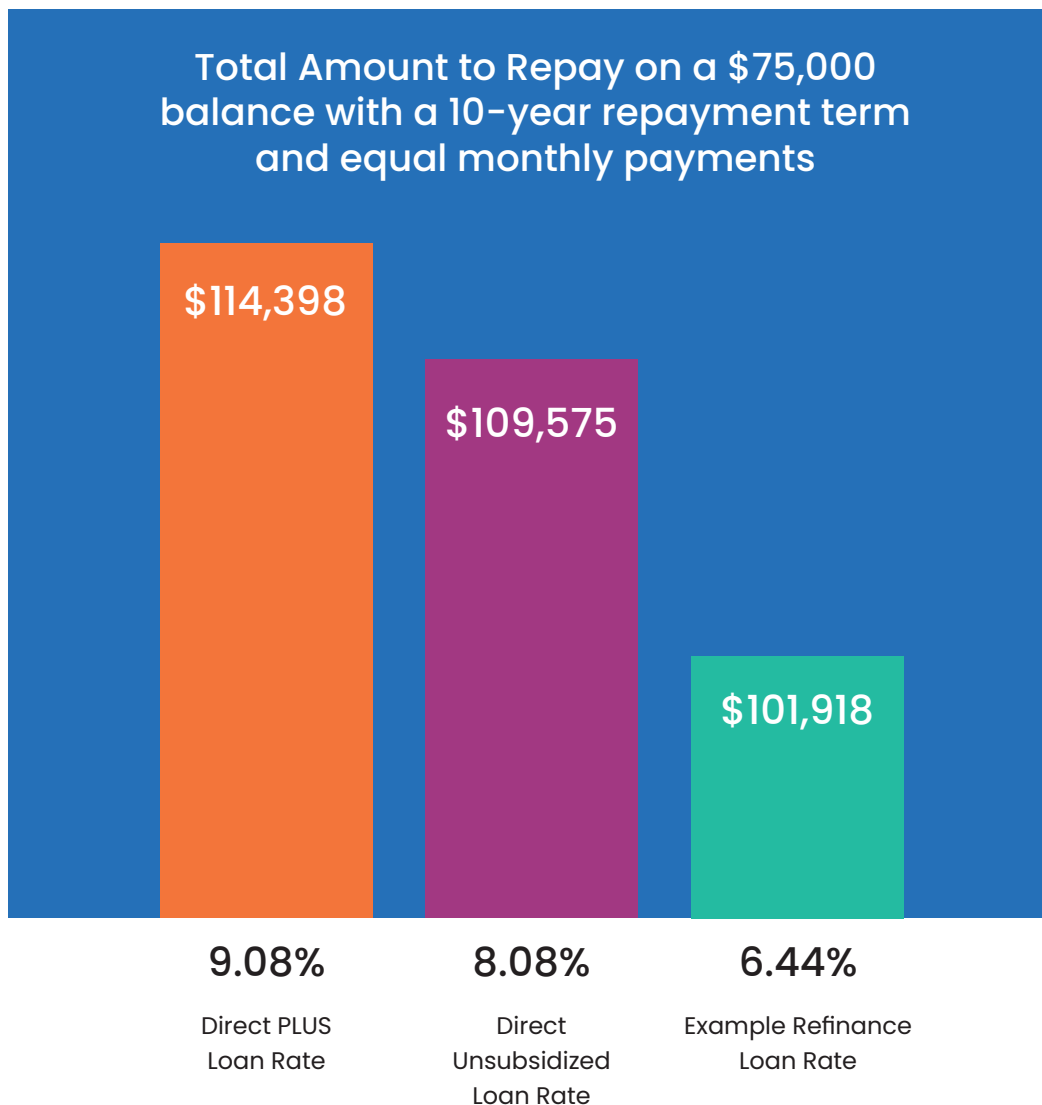
You'll also have to investigate what non-federal loans you have in your name, along with the corresponding interest rates. Rates can vary widely based on the lender and program.

How Much Can I Save?

The amount you can save by refinancing depends on several factors including:

- ◆ The total amount you owe
- ◆ How much time you have left in your loan term
- ◆ The length of the term on your refinance loan
- ◆ Your current interest rate, and whether it is fixed or variable
- ◆ The interest rate of your refinance loan

Interest can make a huge impact on your total borrowing costs; often more than most people realize. For example, let's say you have \$75,000 in education loans. Take a look at this chart to see what the total amount to repay would be over a ten year term based on different interest rates.



You could save over \$12,480 in 10 years by reducing your rate from 9.08% to 6.44%!



Who Qualifies to Refinance?

Unfortunately, refinancing isn't an option for everyone. If you are looking to refinance your loans, you are going to need to have good credit, or at least have a cosigner with good credit.

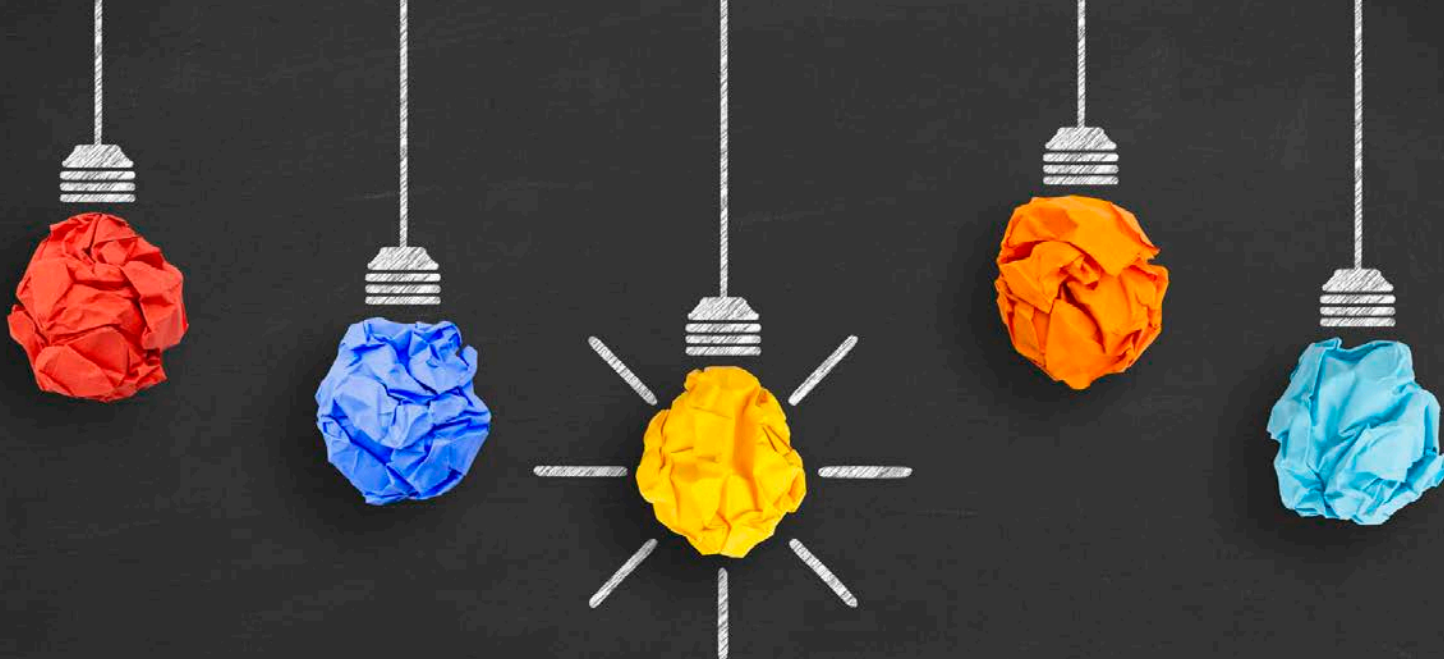
What exactly does that mean? Although criteria varies from lender to lender, having good credit typically means:

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- ◆ Being current on all of your existing accounts
- ◆ Having little to no delinquency of your outstanding accounts over the past few years
- ◆ Having a credit score at least in the mid-600s, but often higher
- ◆ Having no public records such as judgments, liens, or bankruptcies on your credit report
- ◆ Being able to demonstrate your monthly earnings and meeting the lender's underwriting criteria

In addition to credit score, some common underwriting criteria for refinance lenders include whether the loans were for attendance at a Title IV school, type of degree earned, income stability, duration of employment, and liquidity to determine your eligibility and/or interest rate.

**[Pre-Qualify for a
RISLA Refinance Loan Here!](#)**



Is Federal Consolidation a Better Option?

Federal education loans, including Stafford loans (now called Direct Unsubsidized and Subsidized Loans), PLUS loans, and Perkins Loans are eligible for the Federal Consolidation Loan program. This is a federal government program that combines one or more of your federal education loans into a single consolidated loan with a single monthly payment. The consolidation loan maintains federal benefits. However, the terms are calculated based on federal standards using key terms of the loans being consolidated, which may not always be in the best interest of the borrower.

The interest rate a student or parent receives on his or her Federal Consolidation Loan is a weighted average of the rates on his or her existing loans. The federal consolidation loan has a fixed rate, regardless if the loans consolidated were fixed or variable. For more information visit studentaid.gov.

FEDERAL CONSOLIDATION DOES NOT:

- ◆ Include any non-federal loans
- ◆ Reduce your interest rate
- ◆ Reduce your repayment term
- ◆ Permit you to consolidate while you are still in school

FEDERAL CONSOLIDATION DOES:

- ◆ Allow you to keep the federal loan benefits you have on your existing debt
- ◆ Potentially increases your term up to 30 years, which can lower your monthly payment (but will increase the amount you repay over the life of your loan)
- ◆ Combine all of your federal education loans into a single loan, potentially reducing the number of bills you have to manage each month

But what do you do about your private loans? And what if you actually want to reduce the rate on your loans, not just combine them with your others? That's where refinancing comes into play.

Public Service Loan Forgiveness (PSLF)

If you work for a non-profit agency or the government, you may be eligible for federal student loan forgiveness after 10 years of repayment. Visit studentaid.gov/pslf for more information on eligibility and how to apply. If applicable, you may not want to refinance any loans(s) with this benefit.

Is Refinancing Right for You?

You've learned that refinancing isn't for everyone. To determine if it is right for you, you'll need to assess your current situation and carefully consider your options. Start by asking yourself these questions.

What kind of loans am I looking to refinance?

- ◆ Know your existing loan types and the benefits that come with them. Make sure you understand whether your existing loans accrue interest using a fixed or variable rate.
- ◆ Any federal or private student loan benefits will no longer be eligible to you if you refinance them, as the prior loan(s) will be paid in full. You will, however, be eligible for your refinance loan benefits. If you do not want to lose any of the federal and/or private loan benefits, think carefully about including them in the refinance. For a list of federal benefits you would lose if you chose to refinance them, see pages 11-12.
- ◆ You do not need to include all your existing student loans in a refinance loan. You can decide to include/exclude any existing education loans from your refinance loan.

What are my existing balances, rates and terms?

- ◆ Before refinancing, look up each of your loans and make sure you know this information. It is hard to compare rates and terms and calculate any savings if you don't know the key characteristics of your current loans.

Will I use a cosigner?

- ◆ In order to be approved for a refinance loan, you may need to have a credit-worthy cosigner. Even if one isn't required, it's possible that having a cosigner will qualify you for a lower rate.

- ◆ Determine if you prefer to have a cosigner, and understand that they will be as equally obligated on the loan as you are.

What are my goals?

- ◆ Do you want a better rate? To pay off your loan faster? To pay less in the long run? Have fewer bills?
- ◆ Pinpoint your goals before you start looking for a refinance loan so you will have a clear picture of what you need in order to proceed.

How's my credit?

- ◆ Refinancing your existing student or parent education loans will require a credit check.
- ◆ You'll also most likely have to provide proof of income and show you have the ability to repay.
- ◆ Many lenders offer credit-based pricing. This means the rate you receive will be based on your credit score and potentially other factors (education level, degree of experience, income, etc.).
- ◆ Remember, most applicants don't receive the lowest advertised rate. Cancel your application if the rate you receive doesn't meet your expectations. Comparison shopping is always wise.

How to compare?

- ◆ Use our online Refinance comparison calculator to see if there can be a savings for you at this time: risla.com/refinance-calculator.

Once you have answered these questions, now it's time to start your search. Some lenders offer calculators to help you determine your savings before applying. Other lenders may first require you to apply before they will estimate your savings.

Refinancing FAQ

When can I refinance?

If you are still enrolled, make sure to ask the right questions about when repayment starts before refinancing.

If you are a parent, some lenders will allow you to refinance PLUS loans and private loans in your name while the benefiting student is still in school. Ask the lender.

Which loans can I combine when I refinance?

To be eligible to refinance your loans under a student loan refinancing program, your loans must have been used for qualifying education expenses. If you paid for your education expenses on a credit card, you will not be able to refinance those charges under an education refinance loan.

Federal loans may be combined with private loans for most lenders, but you lose any benefits on your federal loans once they are refinanced. PLUS loans have far fewer benefits than federal student loans and if you don't think you will use your benefits, you may think refinancing is worth the risk (see pages 10–11). Spouses can typically combine PLUS loans if they are both signers on the new refinance loan.

For some lenders, a student can refinance his or her parent's PLUS loans if he or she is the named beneficiary of the PLUS loan. Other programs will not allow a student to refinance a parent PLUS loan in his or her own name unless the parent is cosigning the new refinance loan.

Graduates usually can combine Graduate PLUS Loans with their other loans without trouble. Refinancing can be a smart way of removing a cosigner from a loan, as long as the student meets the refinancing lender's underwriting criteria without that cosigner.

Can I consolidate after I refinance?

No. While you can refinance your federal loans (including consolidation loans) into a private refinance loan, you cannot refinance private loans under the federal consolidation loan program.

Can I save more by consolidating?

If you currently have a variable rate federal loan, you can potentially save yourself from future rate hikes by consolidating. However, the rate you receive on your consolidation loan is the weighted average of all of your existing loans, plus 1/8 of a percent. You might not reduce your interest rate by consolidating. Furthermore, by extending your repayment term, you often pay more in finance charges in the long run, making the federal consolidation loan program a more expensive option than paying off the original loans within the standard term.

How much does it cost to refinance education loans?

There is typically no cost associated with refinancing your education loans. Just be sure to ask the lender about any fees before applying.

Do I qualify for Public Service Loan Forgiveness (PSLF)?

If you work for a non-profit agency or the government, you may be eligible for federal student loan forgiveness after 10 years of qualifying payments. If eligible, you may not want to include these loans in a refinance. [Learn more.](#)

How to Find the Right Refinancing Lender

Once you have determined that refinancing is the right path for you, you will need to find a lender. Make sure to compare lenders. Don't pick the first one you find just because it is easiest for you. Shop around and figure out where you can save the most. Asking each lender these questions will help you compare the loans side-by-side.

15 Questions to Ask Your Lenders

1. What is the Annual Percentage Rate (APR)?
2. Is the interest rate fixed or variable? (Variable rates change in accordance with the associated index rate.)
3. Is the rate I receive based on my credit?
4. Can the interest rate ever change?
5. What are the fees? (repayment fees, origination fees, default fees, late payment fees, etc.)
6. What is the loan term?
7. What would my monthly payment be if I borrowed \$X,XXX? Could my payment change?
8. When would my first payment be due?
9. How are loan funds disbursed?
10. What steps do I need to take to complete an application?
11. How long does it take to process an application?
12. Are there loan limits?
13. Who is eligible for this loan?
14. Do I need a cosigner?
15. Do you offer any benefits, such as deferment, forbearance, income-driven repayment, loan forgiveness, or rate discounts?

Found the perfect lender for you? Apply! But once you learn your interest rate, know that you have the option to cancel your application if you aren't happy with your rate you receive. You should move on to the next lender on your list.

Conclusion

Refinancing can be a great tool to help you save hundreds or even thousands of dollars in finance charges. It can help you decrease your monthly payment and reduce the number of bills you have to pay each month. But it isn't for everyone.

If you have college loans, take a look at refinancing. Determine how it could help you save and better manage your finances. This guide gives you the information you need to make an informed decision about whether or not it's right for you. And if you have any questions, RISLA's refinance loan specialists are here to help. Call 1-866-268-9419 or get pre-approved and find your potential rate with no harm to your credit score. [Apply Now.](#)

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

PLEASE READ FOR IMPORTANT INFORMATION

This is important information about benefits you will lose if you refinance a federal education loan with RISLA. The federal education loans listed below are Direct Loans you obtained from the U.S. Department of Education (ED) or FFELP Loans held by ED or by a lender.

- The Biden-Harris Administration's Student Debt Relief Plan to provide one-time forgiveness up to \$20,000 to borrowers with federal education loans held by ED was nullified by the U.S. Supreme Court; however, ED is actively pursuing alternative ways to provide debt relief to borrowers. See <https://studentaid.gov/manage-loans/forgiveness-cancellation/debt-relief-info> for more information. If you refinance your federal education loans with RISLA, you will not be eligible for any alternative debt relief initiative.
- You may qualify for loan forgiveness of your Direct Loans under the Public Service Loan Forgiveness (PSLF) program. See <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service> for more information.
- You may be able to refinance your outstanding federal education loans into a Federal Direct Consolidation Loan. Learn more about the Federal Direct Consolidation Loan program from your school's financial aid office or visit ED's website at <https://studentaid.gov/manage-loans/consolidation>. If you refinance your federal education loans with RISLA, you will not be eligible for a Federal Direct Consolidation Loan.
- If you refinance your federal education loans with RISLA, you will not be able to select an Income-Driven Repayment (IDR) plan, such as the Income-Based Repayment (IBR), Pay As You Earn (PAYE), Saving a Valuable Education (SAVE), or Income Contingent Repayment (ICR) plans, or other flexible repayment options that are available on federal education loans. See <https://studentaid.gov/manage-loans/repayment/plans/income-driven> for more information about IDR plans. In addition, federal education loans offer various deferment, forbearance, discharge, and forgiveness options that are not available if you refinance with RISLA.
- For more information on benefits not listed in this chart that may be available on your federal education loans, contact your servicer. Also, visit <https://studentaid.gov/understand-aid/types/loans/federal-vs-private> for information about the benefits available to federal education loan borrowers.

Federal Education Loan Benefits

THESE BENEFITS WILL BE LOST IF YOU REFINANCE FEDERAL EDUCATION LOANS WITH A RISLA REFINANCE LOAN

	FFELP Stafford	FFELP Parent PLUS	FFELP Grad PLUS	FFELP Consolidation	Direct Stafford	Direct Parent PLUS	Direct Grad PLUS	Direct Consolidation
Loan Discharge & Forgiveness								
Public Service Loan Forgiveness (PSLF): The remaining balance on a Direct Loan is forgiven after the borrower makes 120 qualifying monthly payments on a qualifying repayment plan while working full-time for a qualifying employer.					✓	✓	✓	✓
IDR Plans: IBR, PAYE, SAVE, and ICR are all IDR plans. Based on the requirements of each plan, the remaining balance of the loan is forgiven after the borrower makes the total number of required payments for 20 or 25 years under an eligible repayment plan. Note: FFELP Loans, except for Parent PLUS Loans and a Consolidation Loan that repaid a Parent PLUS Loan, are only eligible for the IBR plan. A FFELP Consolidation Loan that repaid a Parent PLUS Loan, and FFELP and Direct Parent PLUS Loans are not eligible for any IDR plan. Any of these loans may be consolidated into a Direct Consolidation Loan to be eligible for ICR.	✓		✓	✓	✓		✓	✓
Loan discharge due to death, total and permanent disability, closed school, false certification by the school, unpaid refund by the school, and borrower defense to repayment. Note: Only Direct Loans are eligible for a borrower defense to repayment discharge. Also, only the portion of a Consolidation Loan that repaid a Parent PLUS Loan may be eligible for discharge.	✓	✓	✓	✓	✓	✓	✓	✓
Teacher Loan Forgiveness (TLF) Program: Loan forgiveness of up to \$17,500 for teachers at certain types of schools. Note: Only the portion of a Consolidation Loan which repaid eligible FFELP and/or Direct Stafford Loans may be forgiven.	✓			✓	✓			✓
Interest Subsidy								
For subsidized Stafford Loans: Interest subsidy during in-school, grace, and deferment periods. Note: 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 the subsidized portion of a Consolidation Loan: Interest subsidy during deferment periods.				✓				✓
For subsidized Stafford Loans and the subsidized portion of a Consolidation Loan: Interest subsidy during the IBR and PAYE plans, for a period of up to 3 years from the date of entering the plan (excluding periods of economic hardship deferment) if the monthly payment amount is less than monthly accrued interest. Note: FFELP Loans are not eligible for the PAYE plan.	✓			✓	✓			✓
Interest exceeding the monthly payment amount is not charged to the borrower during the SAVE plan. Note: Direct Consolidation Loans which repaid a Parent PLUS Loan are not eligible for the SAVE plan.					✓		✓	✓

No interest accrual during active duty military service for a period of up to five years, for loans first disbursed on or after October 1, 2008.					✓	✓	✓	✓
Repayment Options								
Repayment plans based on the borrower's income (IBR and Income-Sensitive for FFELP Loans; IBR, PAYE, SAVE, and ICR for Direct Loans). Note: A Parent PLUS Loan and a Consolidation Loan that repaid a Parent PLUS Loan are not eligible for any IDR plan, except that a Direct Consolidation Loan that repaid a Parent PLUS Loan is eligible for ICR.	✓		✓	✓	✓		✓	✓
Repayment plans based on the borrower's indebtedness (Extended) or borrower's choice (Standard and Graduated).	✓	✓	✓	✓	✓	✓	✓	✓
Loan repayment programs offered by federal agencies other than ED, such as the Corporation for National and Community Service (AmeriCorps) and Department of Defense. Note: Parent PLUS Loans are not eligible for the AmeriCorps loan repayment program.	✓	✓	✓	✓	✓	✓	✓	✓
Eligibility to consolidate FFELP Loans into a Direct Consolidation Loan to receive such benefits as the PAYE, SAVE, or ICR plans and associated loan forgiveness, PSLF, and no interest accrual during active duty military service.	✓	✓	✓	✓				
Eligibility to consolidate Direct Parent PLUS Loans into a Direct Consolidation Loan to receive such benefits as the ICR plan and associated loan forgiveness.						✓		
Repayment period of up to 30 years depending on the borrower's total student loan indebtedness at the time of consolidation.				✓				✓
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, cancer treatment. Note: The cancer treatment deferment is only applicable to loans made on or after September 28, 2018.	✓	✓	✓	✓	✓	✓	✓	✓
Mandatory forbearance for the following situations: medical or dental internship or residency, National Guard duty, Department of Defense Student Loan Repayment Program, national community service, student loan debt burden, and teacher loan forgiveness. Note: The borrower may receive forbearance under many other situations that are at ED's or the lender's discretion.	✓	✓	✓	✓	✓	✓	✓	✓



PREPARING, PLANNING & PAYING FOR YOUR EDUCATION JOURNEY

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