

Title:

Consolidating Student Loans

Word Count:

530

Summary:

With higher education costs on the rise, many people these days have several student loans. These are not just medical students with several loans, but average students at public universities. It can help for those trying to pay them off to consolidate student loans into one bill and thus one payment.

Keywords:

consolidating student loans, student loan consolidation, consolidation loan

Article Body:

With higher education costs on the rise, many people these days have several student loans. These are not just medical students with several loans, but average students at public universities. It can help for those trying to pay them off to consolidate student loans into one bill and thus one payment. There are many advantages to having one loan besides the single payment each month though. Some that you may not be aware of are lower interest rates, a way to improve your credit rating, lowering monthly payments.

Applying for an individual student loan can lower the interest rate because places offer incentives to use them for the loan. Some companies offer a lower rate for having the monthly payment automatically deducted from your account. There is also a benefit by making so many consecutive payments, on time, and that showing will lower the interest rate. This of course will make your payoff amount decrease since more money will go to the principle instead of interest.

Having a single student loan can help your credit rating because of how your credit score is figured. Part of the score is made up of how many outstanding debts you have as well as the total amount due to each. Getting a student consolidation loan will give you a higher loan amount due but only for one loan and not the several others that you currently may have. Thus, your score will go up and even get better as you pay off that loan. It will not be an instantaneous fix as credit companies can take up to six months to report a drop of a loan off your report. But if you don't use your credit unwisely in this time period your score will raise and when you do apply for something at later time you can possibly get a lower interest rate for that loan as well. Which will have you

making lower payments on that item and help you pay off that loan faster too?

Of course a single payment with a lower interest rate is going to give you lower monthly payments. Owing several companies with their own payment rates can make the total paid each month much more. One lump payment is going to be lower just for the reason that only one creditor is loaning the money with one rate. And each of these companies will have their own interest rate, which changes the payment. An individual loan will have more of the payment going to pay off that loans interest and principle at once over several loans where it can vary from loan to loan how much is paying it off. And most importantly right now rates are very low and getting a consolidation loan can also have you paying less because your rate can drop tremendously, depending on what it was before. While it can start your loan term back to the length it was when you got the student loan, with lower payments and a lower interest rate, you should be able to pay it off even faster and get out of student loan debt quicker than if you kept the individual loans.