

## Federal Benefits You Could Lose By Refinancing

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If you are a borrower with federal student loans and you meet the necessary credit standards and eligibility requirements, you may qualify for a refinance of your existing loans. However, it is important to review this disclosure to understand the benefits that will be forfeited as this option may not be suitable for your situation.

By refinancing your federal student loans into a private student loan, you are converting them from a federal loan to a privately owned loan and need to take into consideration the risk involved as all federal student loan benefits listed below will be forfeited.

**Please carefully review each statement below in order to understand the risk and forfeiture of benefits that will occur if you qualify for a refinance of your federal student loans.**

- Federal student loan regulations offer a variety of repayment plans, including income-driven repayment (IDR) plans designed to assist borrowers who are unable to afford their current monthly payment amount. IDR plans allow your monthly payment amount to be adjusted annually based upon your adjusted gross income, family size, and state in which you reside. The outstanding balance if any, may be forgiven after 20 or 25 years of qualifying payments. These repayment plans will no longer be available to you.
- Under federal student loan regulations, the borrower is offered several deferment, forbearance, and repayment plan options during the life of the loan. If your federal student loan is refinanced into a private loan, some of these options may be unavailable to you.
- Subsidized federal loans qualify for an interest subsidy while in school, grace, deferment, or during certain circumstances of the Income-Based Repayment (IBR) and Pay As You Earn plans. This benefit will no longer be available to you.
- Full time active duty servicemembers may lose certain deferment, forbearance, or other benefits afforded to them under federal student loan regulations.
- Military servicemembers who qualify for a zero percent interest rate due to receiving hostile pay will lose the zero percent interest rate benefit.
- Borrower benefits of lower interest rates or incentives provided by your current federal student loan lender may be forfeited and could result in you paying more over the life of your loan.
- Borrowers working in certain professions like those employed full time by a public service organization or serving in a full time AmeriCorps or Peace Corps position, or those employed as teachers in certain situations, may be eligible for loan forgiveness on some or all of their federal student loans. If you refinance a federal loan into a private loan, you will no longer be eligible to participate in these federal loan forgiveness programs.
- Federal regulations provide the borrower with circumstances where the loan may need to be discharged. If your federal student loan is refinanced into a private loan, some of these options for discharge may be unavailable to you.
- Regulations could be introduced by Congress or the Department of Education at a later date that would provide additional benefits to federal student loan borrowers. These benefits may not be available to you if you refinance your federal loans into a private loan.
- Once a federal student loan is consolidated into a private loan, the process may not be reversed in order to re-establish the original federal loan and the benefits that were forfeited.
- The risks and benefits listed above are those with a high impact and those most frequently utilized by a federal student loan borrower. The list is not meant to be a complete list of all benefits or incentives forfeited as a result of refinancing your federal student loans into a private loan. Therefore, we suggest seeking professional advice or legal counsel before proceeding with the refinance to identify and understand all options that will be forfeited.