

CAAB's newsletter is designed to ensure that our IDA/MDA Savers are fully informed about relevant money management topics, effective savings strategies, financial education opportunities in the DC area, and upcoming CAAB events. Every month, we will feature a different article focusing on strategies or products that can help you plan for and achieve your savings goals.

Consolidating Your Student Loans

by Kyle Chin

This summer, Capital Area Asset Builders is pleased to host Kyle Chin as part of the OCA (formerly the Organization of Chinese Americans) internship program. As a college student entering his second year at the University of California, San Diego this fall, Kyle is a natural choice to address a recent e-mail request asking for information on consolidating student loans. Here's what Kyle learned:

According to the National Center for Education Statistics, nearly half of all current undergraduates are taking out loans to meet the rising costs of college. And if



you're like most students, you probably have multiple loans that

bring with them lots of paperwork and bills to keep track of. You may even receive offers to consolidate your loans, but it's hard to know what to do and who to trust. Help IS available. If you meet some basic requirements you may be eligible for a Federal Consolidation Loan. With a low fixed rate that will not exceed 8.25% and lower monthly payments, Federal Consolidation Loans are a viable option for many borrowers. With the possibility to extend the life of the new loan up to thirty years, you can lower your monthly payments drastically.

First, note that you must have at least one Direct Loan or PLUS Loan in order to qualify for a Federal Consolidation Loan.

Second, contact the Direct Loan Origination Center's Consolidation Department (<http://loanconsolidation.ed.gov> or toll-free at 1-800-557-7392) or your lender to find out which Federal Consolidation Loan(s) you are eligible for and which one would best fit your financial situation. A newly consolidated federal loan can be paid back in four different ways depending on how much you want to pay monthly and how far into the future you want to extend your payments (even though longer loan lives equate to higher repayments in the end, you can switch between repayment options at any time). A new federal loan can also be deferred without your principal loan amount increasing or interest accruing depending on your financial circumstances.

With all the contingencies and exceptions, it is best to contact your lender and ask whether you are eligible for a Federal Family Education Loan (FFEL) and/or Direct PLUS Consolidation Loan. Consider some of the following before looking into consolidation:

- How far along are you in paying back your student loans? If you have a substantial portion of your original loan(s) left then consolidation may decrease your monthly payments and the stress of having to pay several different lenders. Do you have a plan set up with your current lender that grants you special benefits or

rewards? With some loans, like the Perkins loan, there are benefits that will be lost if you choose to get a Federal Consolidation Loan.

- How far into the future do you want to continue paying off your current loans? If you are financially stable enough to stay with your current loans, extending your repayment time to ten or twenty years with a Federal Consolidation Loan may not be the wisest plan.

Is the extended payment time worth the total cost? Calculate the total repayment you would actually have to pay over an extended period of time – is the extra money spent worth the time? (Online programs can help you calculate this: click "online calculator" at <http://loanconsolidation.ed.gov/borrower/bconsol.shtml>)

Go online and check out the available checklists and guidelines to see what is truly in your best interest. Interest rates vary with time, but with a consolidated loan you get to lock in a loan at no higher than 8.25%. The US Department of Education will pay off all your current loans and consolidate them into one low-interest loan with low monthly payments. Check out <http://loanconsolidation.ed.gov/> for checklists, applications, and an online calculator to get the latest interest rates.

If you are unsure of your current loan status and who is servicing your loan, visit www.nsls.ed.gov. You will need your FSA (Federal Student Aid) PIN and other financial aid information you submitted in your original FAFSA (Free Application

CONGRATULATIONS!

The following savers made asset purchases in the month of August:

Home

Capucine Carrington
Sariane Leigh
Maurice Nkosi

Education

Chalonda Arrington
Tanisha Bennett
Domonique Blaine
Natasha Brown
Shanita Conley
Anita Edwards
Hershell Hager
Shana Haire
Brandy Harrison
Heidi Hawkins
Andrea Howe
Jennie Huffman
Miguel Jones
Pamela Massaquoi
Amanuel Mekonnen
Selamawit Mekonnen
Deja Mitchell
Diane Orellana
Jeovanny Paz
Sheryl Pearson
Borjana Sako
Danielle Simmons
Samantha Warren

Small Business

Bernardo Figueroa

for Federal Student Aid). The National Student Loan Data System is a quick and easy guide to your federal loan and grant information. Contact the Direct Loan Origination Center's Consolidation Department (<http://loanconsolidation.ed.gov>) or call them toll-free at 1-800-557-7392 for all your questions about consolidation. Paying off your student loans is just one of the first steps towards becoming financially successful after college. You shouldn't pay more than you need to – find out if consolidation is right for you.

UPCOMING EVENTS & ANNOUNCEMENTS

CAAB's MONEY MANAGEMENT 101 SERIES STARTS AGAIN ON OCTOBER 20

Class meets every Saturday, 10 a.m. to 12 p.m., from October 20-November 17 at CAAB's office downtown

FREE services provided to DC fathers by CitiWide Fatherhood Initiatives

at Citiwide Computer Training Center, 3636 16th Street NW, Suite AG-49 (Georgia Ave-Petworth metro)

CitiWide's fatherhood initiative provides free services to DC fathers including **job training** (computer literacy, keyboard mastery), **employment skills** (resume preparation, interviewing skills, completing employment forms), **consumer economics** (personal financial management, credit management, banking), and **life skills** (interpersonal skills, time management): Call 202-667-3719 to register

AARP Foundation Announces New Scholarship Program for Women

A new scholarship program to help low-income women 40+ participate in education and training opportunities. Approximately 100 scholarships ranging from \$500 to \$5,000 are expected to be awarded in the first round. Applications are only available online at www.aarp.org/womensscholarship. Application deadline is October 31, 2007.

Low Income Female Entrepreneurs

at Southeastern University, 501 I Street SW (Waterfront SEU metro)

How to Write a Business Plan (Free) Thursday, September 27, 9:00 a.m. - 12:00 p.m.

Business plans are a vital part of any business. This seminar will teach you the basic information you need to know about management, marketing, and finances to start the planning process. Reserve your space today! Call 202-478-8231.

LSDBE Institute

offered by the National Capital Revitalization Corporation and held at SunTrust Bank, 1445 New York Ave NW (McPherson Square metro)

Accounting I and II for Local Small Disadvantaged Business

Enterprise (LSDBE) (\$100) Wednesday, September 26 and Thursday September 27, from 6:30 - 9:30 p.m.



DC has recently made revisions to its benefits eligibility rules for TANF, Food Stamps, and Medicaid and the result is **great news for asset builders!** While the federal asset limits of \$2,000 (individual)/\$3,000 (household) are still in place, DC now excludes certain things from being counted as assets such as the value of one auto (up to \$4,650) and **all contributions to retirement plans and 529 college savings plans**. This provides more great incentives for DC residents to save in protected accounts like IRAs, 401(k)s and 529 plans. Go to www.dcsaves.org to find out how the DC Saves can help you set up one of these accounts.

Protecting our Girls: A Forum on Mandatory HPV Vaccination in the Washington Area

Forum on the recently enacted HPV Mandatory Vaccination in the Washington Region hosted by the DC Women's Agenda. The DC Council recently passed legislation requiring all girls to be vaccinated prior to entering 6th grade. The law will go into effect in 2009, and this forum is part of an outreach and education effort in advance of that. Light supper and child care will be provided.

Thursday, September 25, 6:00-8:00 p.m.

The Reeves Center, 2000 14th Street NW (14th & U). Please RSVP to Sherrell Fuller at sfuller@wawf.org or 202-347-7737 x 212.



CAAB Turns 10!

We invite you to a reception and Silent Auction for CAAB to be held on **OCTOBER 10**, at **6:30 p.m.** at the Galleria atrium located in Three Lafayette Centre at 1155 21st Street NW in downtown Washington. The event will bring together new and old friends to reflect on CAAB's achievements during the past decade and look ahead to the challenges and opportunities on the horizon. The silent auction is a lot of fun for the people that come to the event and it raises a significant amount of money for the wonderful programs we provide for our clients. Tickets are \$50 for clients and graduates.

CAAB CORNER

CAAB has said farewell to Brenda Estrella who recently moved on to pursue other endeavors. We thank her for all her work and wish her the best. CAAB would also like to welcome its newest employee, Matthew Peterson. Matthew began in September as Program Associate and will be working with Emily Appel who has taken over the position of Savings Program Director. Matthew comes to CAAB from Management Sciences for Health, an international non-profit located in Arlington. Before moving to DC, Matthew served two years in the Peace Corps as an education volunteer in Benin, West Africa. He lives in the Brightwood neighborhood and is excited to have the opportunity to work on issues which directly affect the DC community.

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