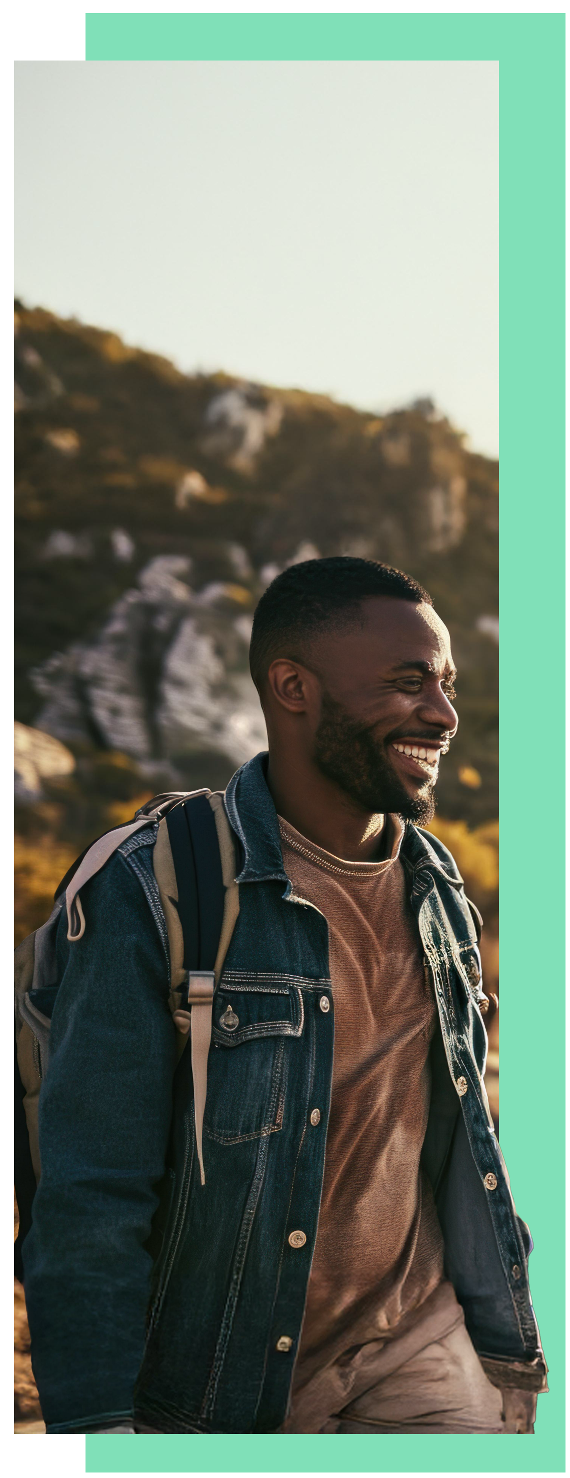
earnest

Feeling the weight of student loans? Let’s talk refinancing

This guide can help you make smart, confident decisions—on your own terms



Navigating student loan refinancing in 2026:

A guide to smarter borrowing decisions

You've been sticking to the plan—but is it still the right plan? As your financial life evolves, your student loan strategy can too. Americans hold over $1.8 trillion student loan debt, spread across more than 42 million borrowers. In this guide, we'll break down what refinancing[1] could offer—so you can make a choice that works better for where you are now.

Student loan refinancing is one of the most effective tools available to borrowers looking to reduce their monthly payments, lower their interest rates, or pay off debt faster[2]. With federal repayment plans evolving, interest rates shifting, and millions of borrowers exiting a multi-year payment pause, the need for clarity and trustworthy guidance has never been greater.

Recent surveys reveal a sharp disconnect: while many borrowers are exploring refinancing, the majority remain confused about how it works and whether they even qualify. A recent study found that **70% of federal loan borrowers feel overwhelmed** by repayment options, **76% report information overload**, and **82% of those aged 25–44 aren't sure which plans are right for them.**

Misinformation, outdated assumptions, and emotional fatigue from the student loan landscape contribute to borrower hesitation.

What's inside this refi guide:

Who it could help

(and when it might not be the right fit)

How it works

from checking your rate to managing repayment

What to weigh

including loan terms, total interest, and timing

Why borrowers choose Earnest

and how we stand out

Wherever you're coming from, we'll help you figure out what refinancing could mean for you—and how to take the next step.

The borrowing landscape in 2026

Where are we and how did we even get here?

It's been a whirlwind few years for student loan borrowers. After a three-year pause on federal loan payments—first rolled out as COVID-19 relief—millions of people began repaying their loans again in late 2023. For many, it was their first time making payments since graduation. That restart collided with **high inflation**, **shifting federal programs**, and **growing public frustration with loan services**, creating a mix of confusion, urgency, and tough decisions.

By 2025, even more changes landed. Collections, wage garnishments, and tax refund seizures resumed for borrowers in default—practices that had been on hold since the early days of the pandemic. At the same time, new legislation introduced under the Trump administration, often referred to as the "Big Beautiful Bill" stirred up fresh political debate about the future of federal loan benefits and repayment reform.

Major federal loan milestones since 2020

2020

CARES Act pauses federal student loan payments and interest; collections and garnishments suspended.

2021-2022

Multiple extensions of the payment pause; borrowers encouraged to prepare for repayment.

2023

Introduction of Biden's SAVE Plan, the most affordable repayment plan for federal student loans ever created.

2024

SAVE is put on hold due to court challenges. The 8 million people enrolled in SAVE are moved into forbearance.

2025

Collections, wage garnishments, and tax refund seizures resume for borrowers in default. The 'Big Beautiful Bill' passes, set to eliminate existing Income-Driven Repayment (IDR) plans and cap federal student borrowing starting July 2026.

2026

Starting **July 1,** sweeping federal student loan reforms from the One *Big Beautiful Bill Act* take effect—including tighter borrowing limits (eliminating Grad PLUS for new borrowers and capping Parent PLUS), replacement of existing IDR plans with a new Repayment Assistance Plan, a lifetime federal borrowing cap, and restored taxability of forgiven debt. Meanwhile, federal collections for defaulted loans fully resume.

Student debt by the numbers

In 2026, the average borrower carries over **$38,000** in federal student loan debt. Graduate borrowers often owe much more, with many carrying balances of **$70,000** to **$150,000**+. Parent PLUS borrowers carry around **$30,000** in debt on average, and face high interest rates and limited repayment options.

Total U.S. student loan debt: **$1.8 trillion+**

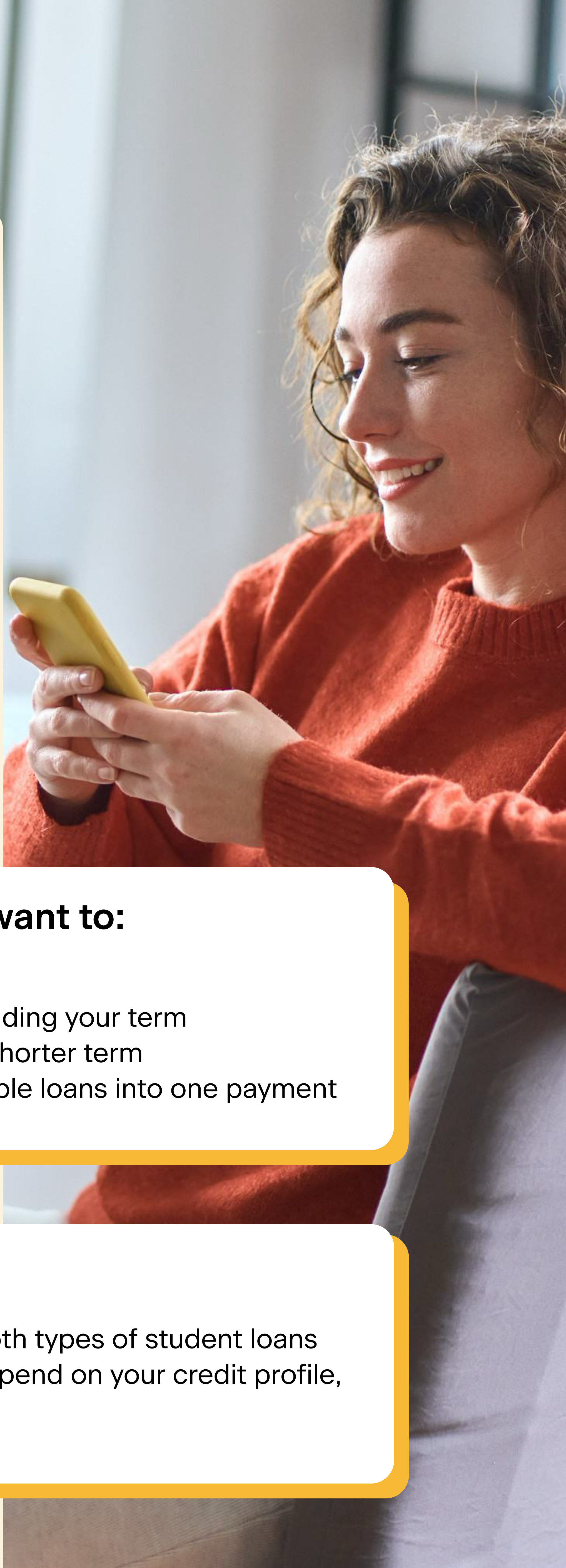
Average federal loan debt: **$39,075**

Average graduate school debt: **$77,300**

Parent PLUS loan rate (2024–25): **9.08%** **fixed APR**

For borrowers with strong credit and stable income, refinancing can offer a smart path forward—particularly if they no longer benefit from access to federal programs like Public Service Loan Forgiveness (PSLF) or income-driven repayment (IDR) plans.

Private loan rates:
typically range from 3.19% to 17.95% depending on credit and lender



What is student loan refinancing, anyway?

Student loan refinancing is when you take out a new loan with a private lender to pay off one or more of your existing student loans. You're essentially replacing your current loans with a single new one, ideally with better terms.

The goal? Borrowers typically want to:

- Lower your interest rate
- Reduce your monthly payment by extending your term
- Pay off your debt faster by choosing a shorter term
- Simplify repayment by combining multiple loans into one payment

Important to know:

- You can refinance federal, private, or both types of student loans
- Your new interest rate and terms will depend on your credit profile, income, and financial history

Weighing your options:

When does refinancing make sense?

Refinancing isn't a one-size-fits-all solution—it's a strategic financial move that can be helpful in the right situations, but it depends on your goals, your current loan setup, and what kind of flexibility you're looking for

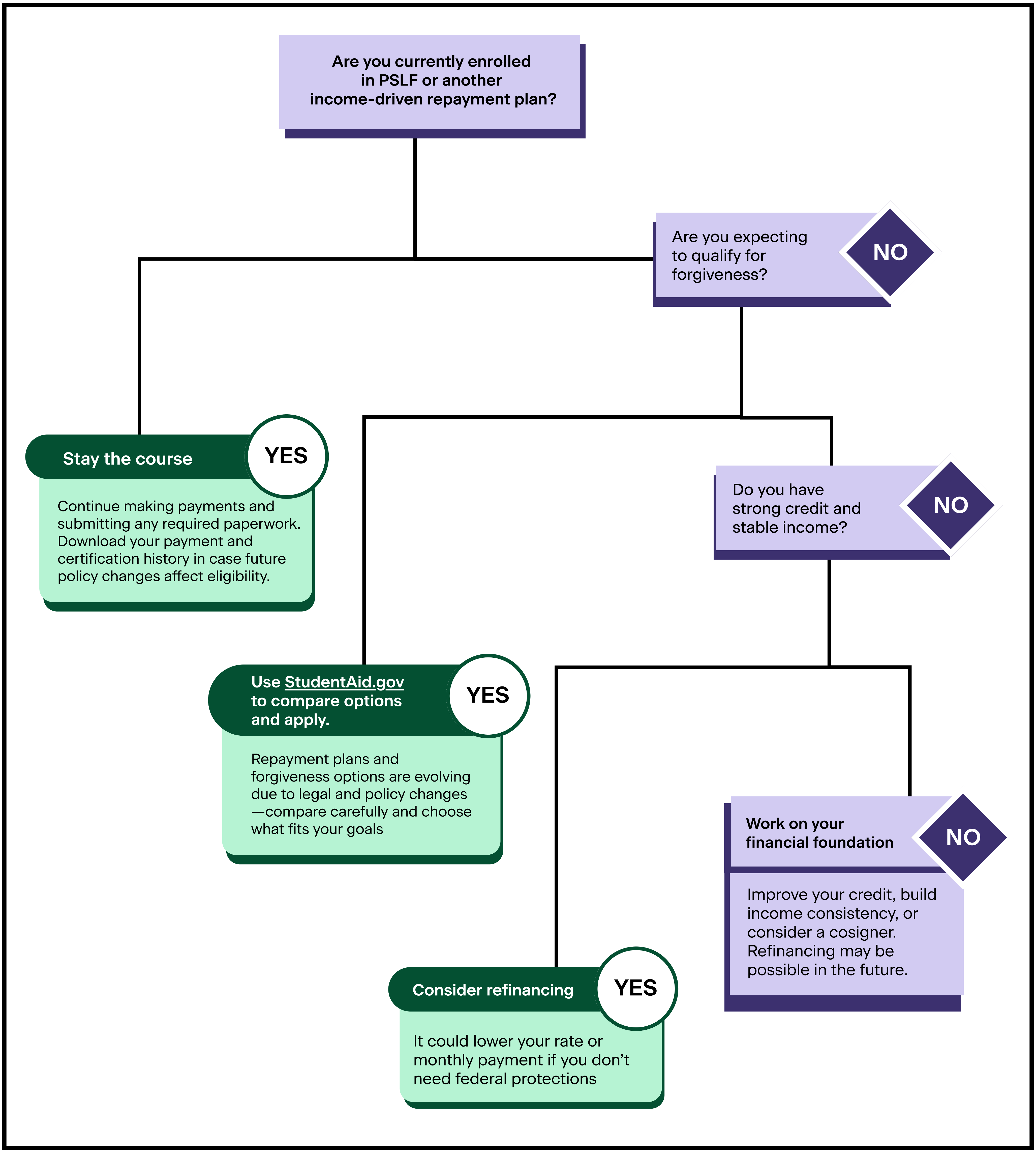
When refinancing may be a smart move:

- √ Your current interest rate is over 6%, and you'd qualify for a lower fixed rate
- √ You have a steady income and stable employment
- √ Your credit score is 665+
- √ You don't expect to use federal benefits like PSLF
- √ You want to simplify multiple loans into one monthly payment
- √ You're focused on either reducing your monthly payments or paying off faster

When refinancing might not be right (yet):

- X You're pursuing Public Service Loan Forgiveness
- X You're expecting a drop in income or job change
- X You're behind on payments or in default
- X Your credit is still recovering (refinancing may become a better option later)

Types of borrowers: who refinancing does (and doesn't) serve



Borrower personas: who refinancing does (and doesn't) serve

√

Luis, early-career professional

Just finished grad school and landed his first job. He has a good credit score and no plans for PSLF. He wants to refinance to lower his rate and save thousands over time.

X

Mark, government employee

Works at a U.S.-based government organization and is halfway to loan forgiveness via PSLF. Refinancing would reset the clock and disqualify him from forgiveness—so it's not the right move.

√

Priya, Parent PLUS borrower

Took out loans for her child's college education. The interest rate is over 9%. Her income is stable, and she's ready to reduce her monthly payment and simplify her finances.

X

Sara, gig worker with credit struggles

Recently defaulted on a federal loan. While she's working to rebuild her credit, refinancing isn't an option right now. Consolidation or income-driven repayment might be better short-term.

Your loan, your goals, your call. Let's make the math work for you

Refinancing can result in significant savings—but the best outcomes depend on your personal financial goals. Want to lower your monthly payments? Looking to reduce the total amount you pay over time? Different term lengths and interest rates will shape what's possible.

Let's walk through a few example scenarios to show the tradeoffs in action:

Scenario A: Lower monthly payments

	Original loan	Refinanced loan
Balance	$60,000	$60,000
Interest Rate	7.00%	5.00%
Term	15 years	20 Years
Monthly Payment	**$539**	**$396**
Total Interest	$37,020	$34,980
Savings	–	$2,040

This borrower wanted lower monthly bills. By refinancing to a longer term with a lower interest rate, they reduced their monthly payment and freed up cash—while still saving overall compared to their original loans.

Scenario B: Faster payoff, greater savings

	Original loan	Refinanced loan
Balance	$50,000	$50,000
Interest Rate	6.80%	4.00%
Term	**10 years**	**7 Years**
Monthly Payment	$575	$684
Total Interest	**$19,000**	**$7,456**
Savings	–	$11,544

This borrower aimed to repay fast and save more. They chose a shorter term with a lower rate, which raised monthly payments but cut years off repayment—and significantly lowered total costs.

Scenario C: Consolidating multiple loans into one

	Original loan	Refinanced loan
Number of loans	3 separate loans	1 consolidated loan
Interest rates	6.25%–8.50%	5.25% fixed
Total balance	$85,000	$85,000
Term	Varies	12 years
Monthly payment	$855	$790
Estimated total savings	–	~$9,500

This borrower had three separate loans with different rates, servicers, and due dates. Refinancing let them combine everything into one loan, with a single monthly payment and a lower interest rate.

They chose a 12-year term that balanced savings with flexibility—cutting their monthly payment and saving about $9,500 over the life of the loan.

Key Takeaway: Refinancing can be customized to meet your specific needs. Whether your goal is to free up monthly cash or pay less over the life of your loan, you've got options. With Earnest, you can choose your repayment term and find the balance that works best for you.

*Example above is for illustration only and may not reflect actual Earnest rates or terms. Eligibility and offers depend on your credit profile. Savings are not guaranteed and will vary.

The refinancing process, explained in 5 easy steps

Refinancing might sound intimidating—but it doesn't have to be. At Earnest, we've simplified the process so you can move from rate check to repayment with confidence and clarity. Here's what the typical refinancing journey looks like:

1 Check your rate

(In minutes, no credit impact)

See personalized rates based on your financial profile without affecting your credit score. It's a quick way to explore your options and what you might qualify for before committing.

2 Submit your application

Ready to move forward? Fill out your full application with details about your income, employment, education, and the loans you'd like to refinance. You'll also authorize a hard credit check at this stage.

3 Customize your loan

Earnest offers unmatched flexibility—you can choose your exact loan term down to the month. Want a 6.5-year loan? No problem. Use our slider tool to find the monthly payment and total interest that works for you.

4 Loan approval & payoff

Once approved, Earnest pays off your existing loans directly. No paperwork or phone calls needed. You'll get confirmation when each original loan has been paid in full and closed out.

5 Start repayment your way

Begin making payments based on your new schedule. You'll also get access to helpful tools like Auto Pay, biweekly payments, and even the ability to skip one payment a year.

Tip: Many borrowers complete the entire refinancing process—from rate check to approval—in under 5 days.

Have concerns? Let's talk through it

Even if refinancing sounds like a good idea on paper, many borrowers still have questions—or worries. That's normal. Here, we address the most common concerns we hear, so you can move forward with clarity and confidence.

"Will this hurt my credit score?"

When you check your rate with Earnest, there's no impact to your credit. Only after you submit a full application and authorize a hard inquiry might your score dip—but borrowers can see it bounce back quickly, especially with consistent on-time payments.

"Do I lose access to federal programs?"

Yes. When you refinance federal loans with a private lender, you forfeit benefits like PSLF, income-driven repayment, and federal deferment or forbearance options. That's why refinancing is only recommended for those who don't plan to use those programs.

"Is it hard to qualify?"

Not necessarily. While good credit and stable income help, Earnest uses a holistic review process that considers your full financial picture—not just your credit score.

If your credit score or income isn't quite where it needs to be, adding a **creditworthy cosigner** can increase your chances of approval and help you qualify for a lower interest rate. Cosigners share responsibility for repayment, so lenders are more confident in offering favorable terms.

"What if I lose my job or something changes?"

Life happens. While refinancing with a private lender means you'll no longer have access to federal protections like income-driven repayment or loan forgiveness, Earnest offers support if your circumstances change. That includes options for forbearance, deferment, and the flexibility to skip one payment per year with no fees or penalties.

"Can I refinance more than once?"

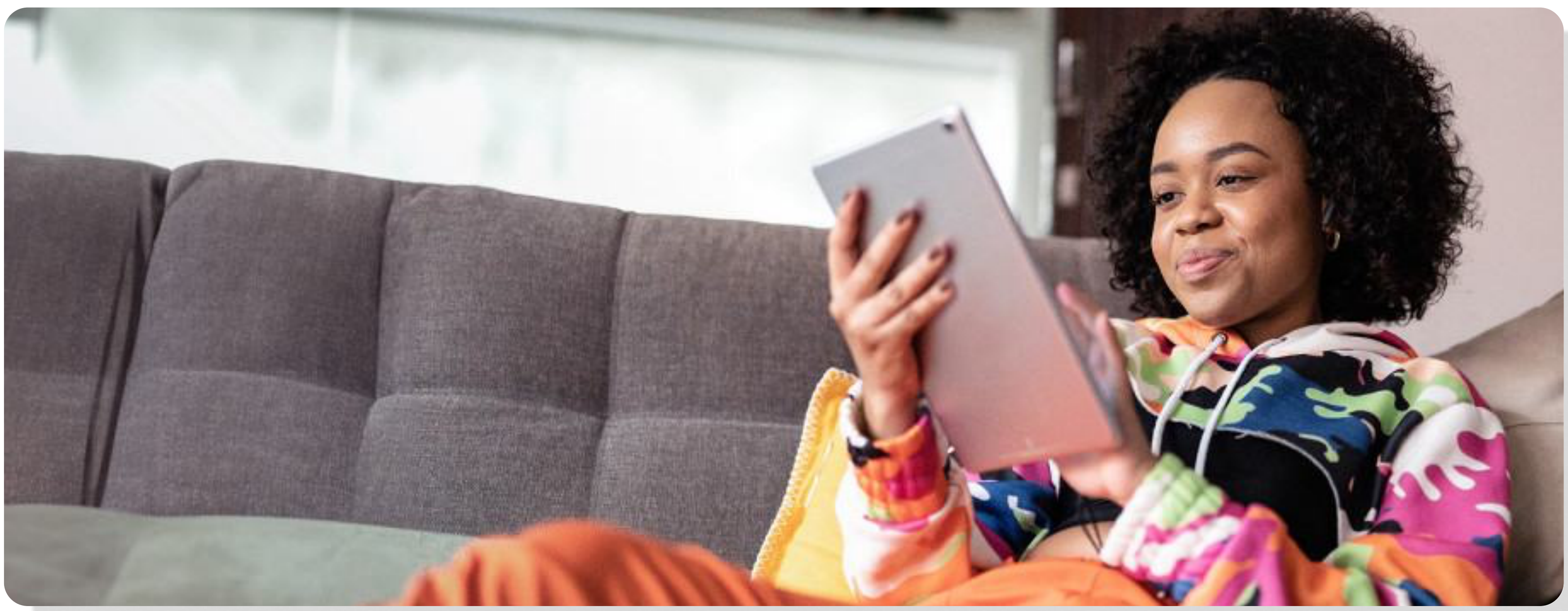
Yes. If rates drop or your financial situation improves, you can refinance again—there's no lifetime limit. In fact, Earnest allows you to refinance just 30 days after your loan is disbursed, while many other lenders require a 3-month waiting period. That means you can move quickly if market conditions, or your own financial situation, improve.

Myth	Fact
“Refinancing always hurts your credit score.”	Checking your rate with Earnest has no impact. A full application may cause a small dip, but most borrowers see their score recover quickly with on-time payments.
"You have to refinance your full balance."	You can choose which loans to refinance. If you want to keep certain federal loans or low-rate loans untouched, that’s okay.
"Only people with perfect credit can refinance."	Many borrowers qualify with good—not perfect—credit. A strong income, responsible history, or cosigner can help.
"Refinancing makes sense for everyone."	Refinancing can be powerful—but not if you're eligible for PSLF, on an IDR plan, or may need federal protections.
"Once I refinance, I'm locked in."	You can refinance again in the future if rates drop or your financial situation improves.
"Private lenders aren’t flexible if something goes wrong."	Earnest offers skip-a-payment, hardship support, and responsive U.S.-based customer service.

VS

What sets us apart? Here's what you get when you refinance with Earnest

Earnest offers benefits designed with real borrowers in mind:



Option	earnest	SoFi	laurel road	Citizens
No fees ever	√	X	X	X
Custom terms (down to the month)	√	X	X	X
Skip-a-payment once a year without penalty	√	X	X	X

You don't need to be a finance expert to refinance well—you just need a lender who treats you like a person, not an account number.

Practical tools, built around borrowers

Making a refinancing decision is easier when you have the right tools at your fingertips. Whether you're comparing payment plans or checking your estimated savings, these resources are designed to empower smarter decisions.

Earnest refinancing calculator

Use our interactive calculator[7] to:

- **Compare your current loan(s) with your personalized refinance rate**
- **See how different loan terms affect your monthly payment**
- **Project your total interest savings over the life of the loan**

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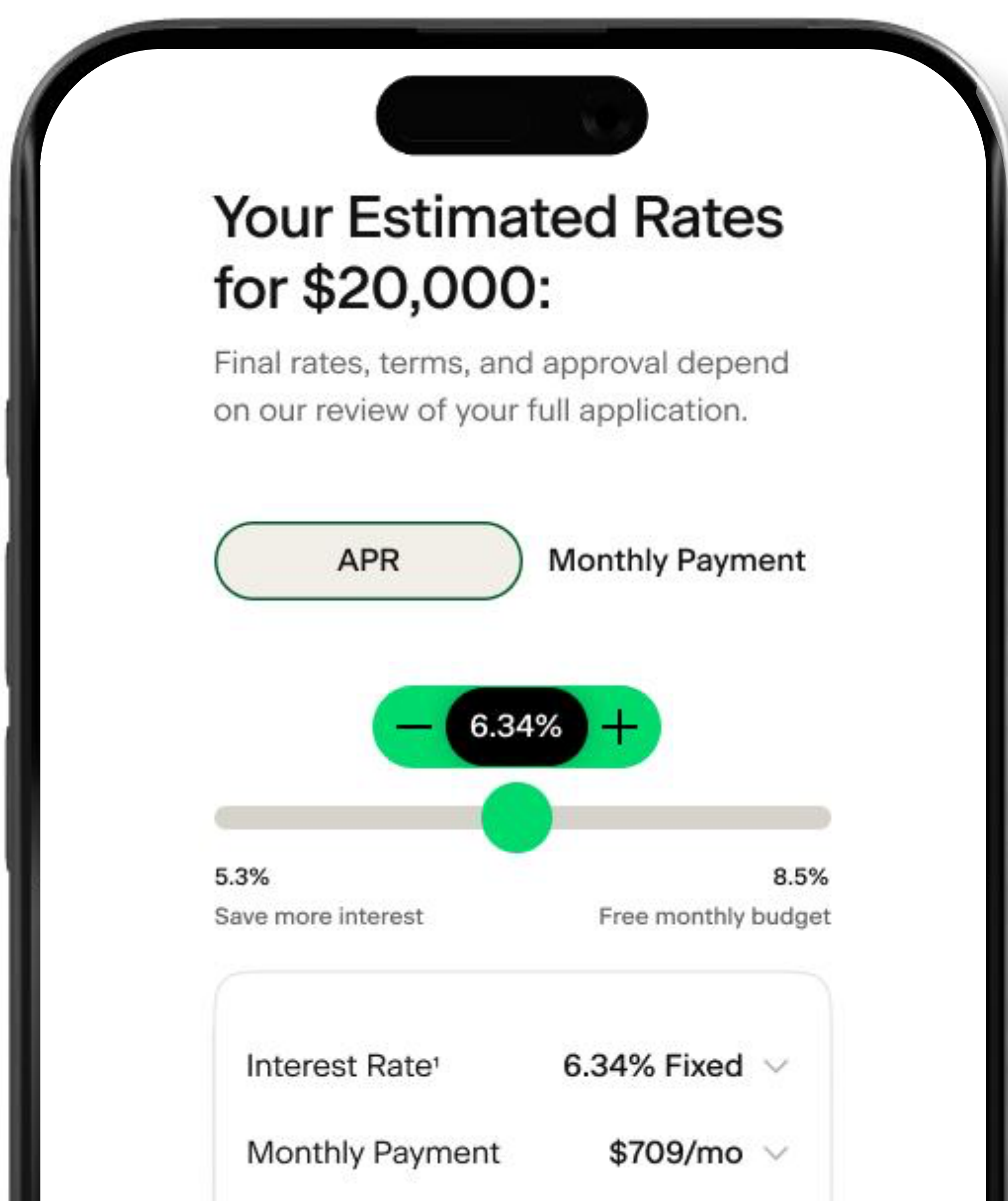
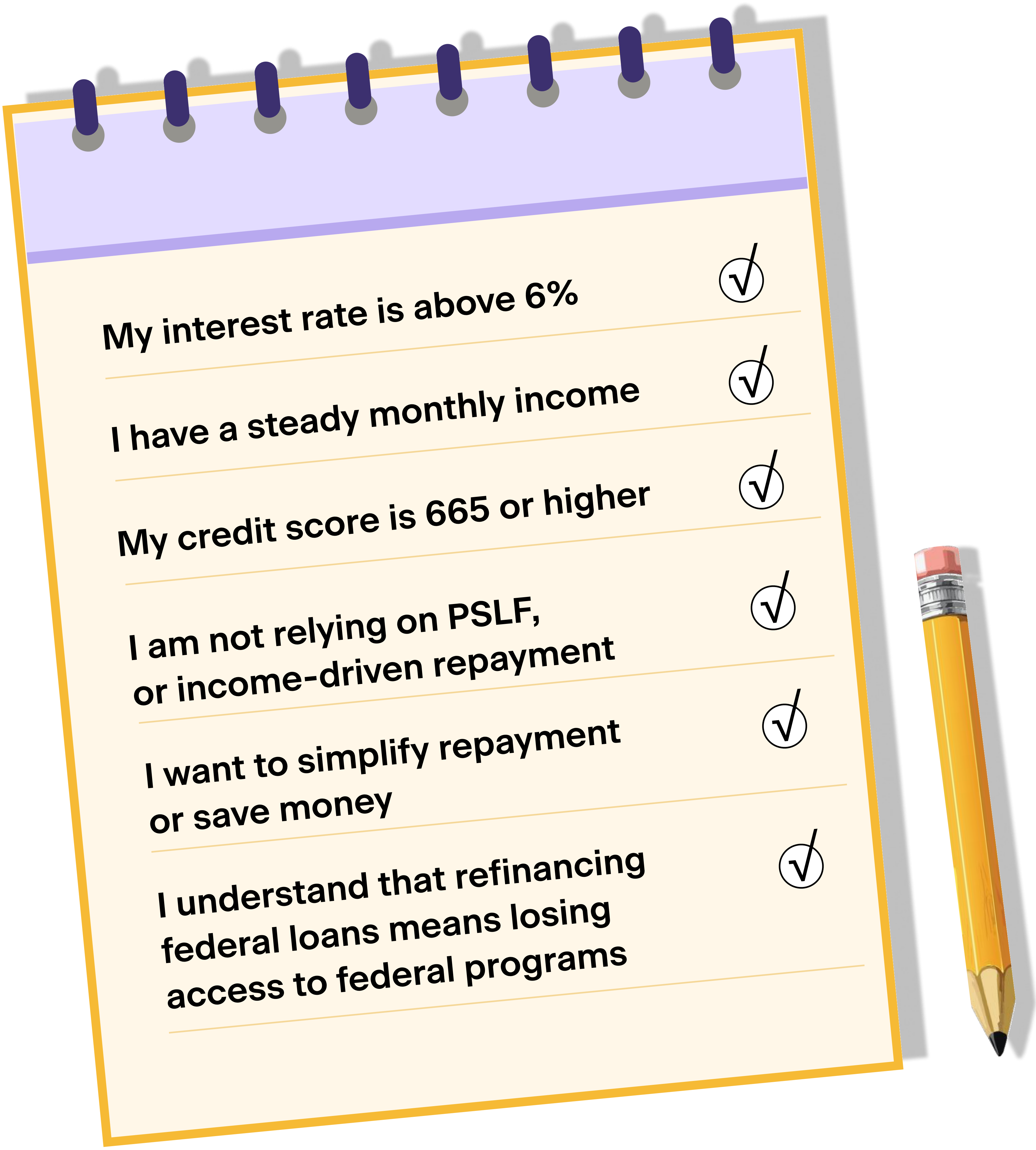


Earnest refinancing calculator

Explore Your Options

Checklist: are you ready to refinance?

Before you apply, make sure you've considered the key factors that can influence your eligibility and experience:



Ready to take the next step?

You don’t have to make a commitment to explore your options. Checking your rate takes just minutes and doesn’t impact your credit score.

Check Your Rate

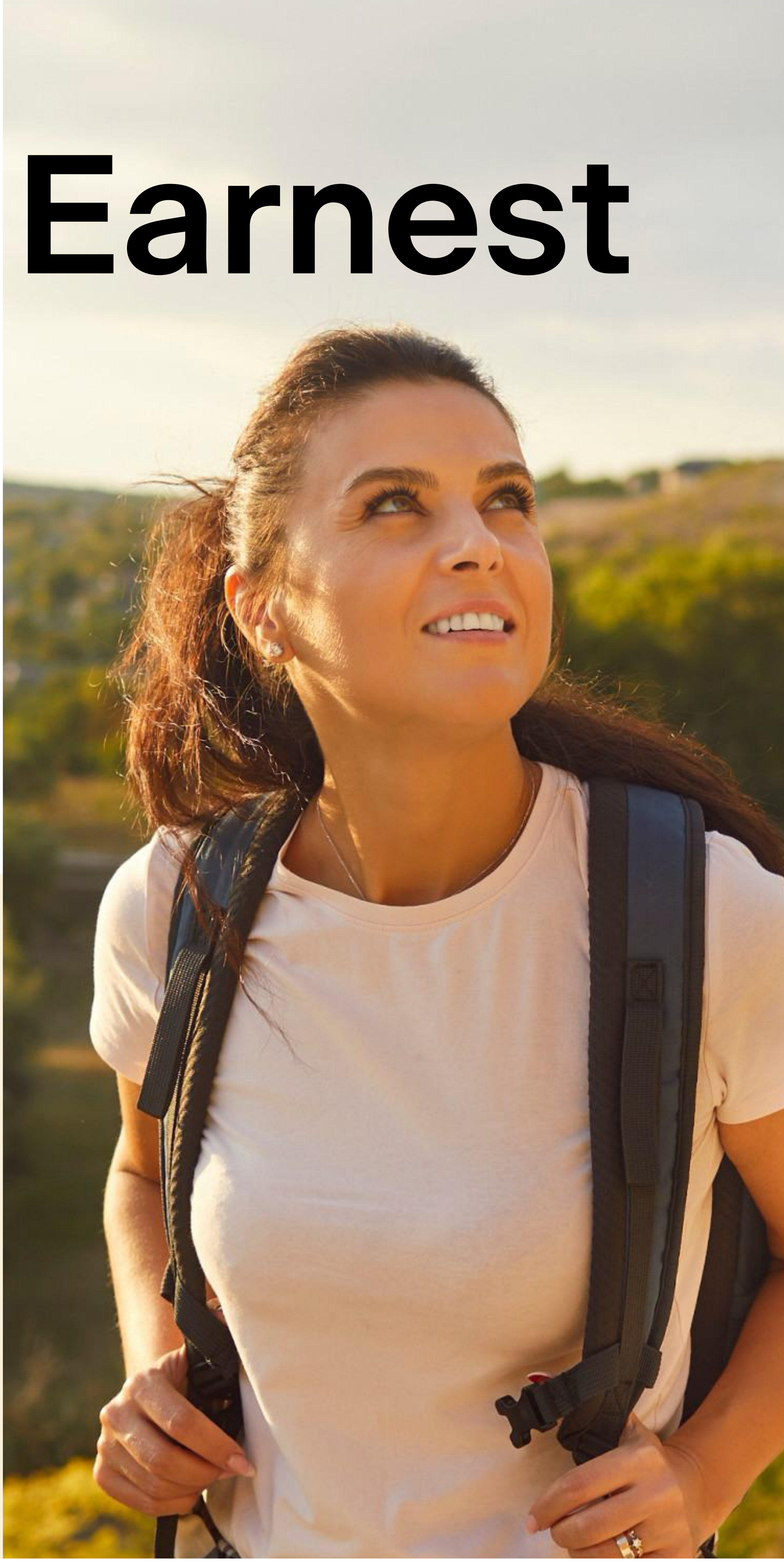
Have questions? Reach out to our Customer Happiness team for personalized support. We’re here to help you make smart decisions for your future.

(888) 601-2801

About Earnest

Earnest is a financial technology company on a mission to make higher education accessible and affordable for everyone. Since launching in 2013, we've helped hundreds of thousands of borrowers take control of their student loans with smarter, more flexible refinancing options.

We believe in transparency, customization, and human support—values that set us apart in an industry that can often feel impersonal and confusing. With no fees, precision pricing, and the ability to choose your exact loan term, Earnest puts the power back in your hands.



Learn more at www.earnest.com

Disclaimer: This guide provides personal finance educational information, and it is not intended to provide legal, financial, or tax advice.

1 Please note that you will lose benefits associated with your underlying federal loans, such as federal Income-driven Repayment Plans, Economic Hardship Deferment, Public Service Loan Forgiveness, or other deferment and forbearance options, if you refinance into a private loan. If you file for bankruptcy, you may still be required to pay back this loan.

2 Choosing to refinance to a longer term may lower your monthly payment, but increase the amount of interest you may pay. Choosing to refinance to a shorter term may increase your monthly payment, but lower the amount of interest you may pay. Review your loan documentation for the total cost of your refinanced loan.