

Student Loan Game Plan

Money-Saving Tips

If you don't have the savings or earnings to pay for your college education, what choice do you have? Many students feel like they don't have any choice but to take out more private student loans. You can, however, do some things to reduce your need for private student loans. Although each item may not seem like much, they (just like your expenses) can really add up.

Change Your Perspective

This might be the most important change you can make.

- ▶ **Understand the consequences.** Everything you do or pay for on credit now means less you can do or buy in the future. Plan for your future student loan payments in your budget to be sure you can afford them.
- ▶ **Live small.** Instead of living large, see how little it takes to get by. Decide on a small amount of cash to keep in your wallet and see if you can live off it all week without using credit or debit cards. Using cash also keeps you from paying extra fees on credit card balances and debit card transactions.
- ▶ **Prepare early.** If you haven't done so already, get serious about targeting a career and setting yourself up for job opportunities after college. You will need to make enough money to pay back your loans.

Use Educational Resources and Lower Your Cost

Finding financial aid and other assistance programs for college costs should be one of your top priorities. You can also cut your educational expenses.

- ▶ **Apply for financial aid.** File your Free Application for Federal Student Aid (FAFSA) on time — or better yet, early — every year to increase your chances at federal, state and institutional grants, scholarships, work-study and loans. Even if you only qualify for federal student loans, those often offer better rates and more flexible terms than private student loans.
- ▶ **Lower your loan amounts.** Don't automatically borrow the maximum loan amounts on your financial aid offer. Borrow only what you really need.
- ▶ **Research grants and scholarships.** These funds don't need to be paid back, so they're like free money. Improve your grades, join student and professional groups and take on leadership roles to improve your chances of earning scholarships. Find opportunities for scholarships and grants, and apply for all you can. Use free scholarship searches at www.ICANSucceed.org and other sites like www.collegeboard.com and www.fastweb.com.
- ▶ **Explore loan forgiveness programs.** If you choose to enter a career such as teaching, nursing or civil service, you may qualify to have some or all of your student loans forgiven. Federal and state governments, lenders and other organizations may repay student loan debt on your behalf if you agree to work in certain shortage areas or make a commitment to service.
- ▶ **Find paid internships.** You may be able to find internships or part-time job opportunities that pay. You might be able to earn college credit while gaining valuable on-the-job experience.
- ▶ **Volunteer.** Some service programs, like the Peace Corps, and military programs, such as the Reserve Officers' Training Corps (ROTC), will pay some or all of your tuition if you commit to service. Remember that joining the military or taking an overseas position is a serious commitment that you should discuss with your family.

- ▶ **Plan your education.** Work with your academic adviser to plan out the classes you'll take each term so you can graduate in a timely manner. If you stay on track with your classes and graduate on time, you won't need to borrow additional funds for those extra semesters.
- ▶ **Maximize your course load.** Take as many courses as you can without taking on more cost. If your school offers an extra term for little or no cost, take advantage of that time to earn a few more credits.
- ▶ **Save on textbooks.** Many online sites let you download or rent your textbooks for a reduced fee, saving you money.

Cut Your Living Expenses

You can combine several strategies to spend less while you're in college, reducing the amount you need to borrow.

- ▶ **Live at home.** If you're within driving distance and aren't required to live on campus, living at home for a semester or two can be less expensive than living in the dorms or an off-campus apartment.
- ▶ **Eat what you already bought.** If you paid for a meal plan, use it. If dining hour times or locations are inconvenient for your schedule, pick up sack lunches. Don't order pizza when you could be eating a meal you've already purchased.
- ▶ **Buddy up.** Look for one or more roommates to help offset rent, utilities and other living expenses. If you're willing to get some extra exercise, living farther from campus can also be less expensive.
- ▶ **Park the car.** If you don't use your car, you won't need to spend as much on parking fees and tickets, gas, insurance and maintenance. Walk or bike to and around campus, and take public transportation for shopping and entertainment trips.
- ▶ **Find discounts.** Clipping coupons and organizing around large sales and discounts can save a lot over time. Buy items in bulk when they're on sale to stock up the pantry or closet. You can often find great deals on secondhand clothes.
- ▶ **Enjoy a cheap date.** Find inexpensive ways to do the things you enjoy. Maybe you can change your workout so you don't need your gym membership. Stream free or inexpensive movies for an evening with friends instead of going to the theater. Do you really need that expensive online gaming subscription?
- ▶ **Maintain your health.** Eat right, exercise and get enough sleep to ward off common campus infections and illnesses. Even student health center fees add up, especially if you need to miss classes or buy prescription medicines.

Raise Your Income

The more money you make, the less you need to borrow.

- ▶ **Work part-time.** Working 15 to 20 hours per week while attending classes full-time has been shown to improve academic success. It may force you to become more organized and to focus during study and class time.
- ▶ **Be a tutor.** You might be able to help other students with their homework for a fee. This will help keep your education fresh at the same time.
- ▶ **Double the worth of your time.** Find on-campus employment that will allow you to double up your study and work hours. You might be able to be a resident assistant to lower your room and board costs or take a job that lets you study during down times.
- ▶ **Work during breaks.** Working part- or full-time during summer, spring and holiday breaks has two benefits: You earn more, and you spend less.
- ▶ **Get help.** Perhaps your parents can help you out with a little cash each month to reduce your need for more money in loans. Even if they don't have a lot to spare, a parent loan keeps the amount borrowed in your name to a minimum. As little as \$40 a month might pay the monthly interest on your loans to keep it from compounding, lowering the overall debt you'll need to repay. Other relatives who want to see you succeed may be willing to help you with money as well.
- ▶ **Save what you can.** Your earnings can be used to reduce the amount you need to borrow now. Also, you may want to tuck a little away for unexpected expenses or to reduce your future debt.