Student Loan Game Plan

College Lifestyle Audit

If you are a cosigner of a student loan, you should ask these questions of your borrower and have a frank discussion about the lifestyle you are willing to support with student loans.

❑ **Are you working as much as you can while in college and during breaks?**

– Earning money means you don't have to borrow to pay for your lifestyle. When you have to work for your money, you tend to be more careful about how you spend it.

– Research* shows that college students who work up to 20 hours a week actually perform better academically. This contradicts the idea that working interferes with studying. It's not the number of hours available in your day; it's how well you use the hours that you have.

❑ **Are you taking light class loads?**

– If taking 15 credits is the same tuition price as taking 12 credits, should you take 15 or even more? If you're academically ready, be sure to get the most out of your tuition dollar.

– Being on a five-year plan might seem like a smart thing to do because lighter course loads might help you get better grades. However, students tend to find things to do with their free time other than studying. Five years often turns into six, and each extra year means a big increase in your student loan debt. It also means an additional year you did not earn the salary of your future job, making it twice as costly.

❑ **Are you living in a high-cost dorm or apartment?**

– Not all dorm rooms cost the same amount. Colleges charge more for newer, apartment-style dorm rooms and for rooms with fewer roommates. It might be nice to have a private bedroom and bathroom, but is it necessary?

– Apartment complexes vary in price based on age, amenities and distance from campus. Can you handle walking or riding the bus for an extra mile, so you can pay lower rent?

– Adding roommates can greatly lower your housing costs. Splitting the rent by four instead of two has a huge impact. Are there other people you could live with?

* Kalenkoski, Charlene and Wulff Pabilonia, Sabrina (2009). Parental Transfers, Student Achievement and the Labor Supply of College Students.

ISL EDUCATION LENDING
Programs from Iowa Student Loan Liquidity Corporation

❏ Are you overspending on food?

- Eating on a meal plan can be cost-effective if you maximize your use of it. If you've already paid for a meal, don't pay for it twice by eating at a restaurant rather than at the dining hall.

- A daily gourmet coffee adds up quickly. You can brew your own beverage each morning.

- Eating out and ordering takeout is expensive. Make your meals in your apartment instead.

- If you are making your meals, be a smart shopper. Find sales and use coupons. Make your meals from scratch instead of buying pre-packaged food.

❏ Do you have a car at college?

- Is it really necessary? Could you ride a free campus bus or pay a small fare for the city bus?

- Cars are expensive. You have to pay for gas, insurance, parking fees and parking tickets. People will also try to mooch rides from you. And an accident means you have to pay a deductible out of pocket.

❏ Do you spend too much on entertainment and other activities?

- Do you go to the movie theater instead of renting or streaming an inexpensive or free movie?

- Do you buy rather than rent video games?

- Do have an expensive cell phone plan?

- Do you really need a big-screen TV, multiple game consoles and other high-end electronics?

- Do you go to bars with cover charges and high-priced drinks?

- Do you gamble online, at casinos or with friends and acquaintances?

- Do you spend money on alcohol, cigarettes or recreational drugs?

- Do you pay for expensive concert tickets or professional sports tickets?

- Do you spend more than necessary on clothes, cosmetics, hair and/or nails?

- Campuses offer a lot of cheap or free entertainment. Take advantage of it.

❏ Is it really necessary for you to go on a trip over spring break?

- The average amount of money spent on this type of trip could cover an entire semester of personal expenses.

❏ Is a study abroad program going to help your future career, or is it just a chance to take an exotic vacation?