

News Release

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Tread Carefully When Taking Out Student Loans

Tampa, Fla. (September, 2009). When you take the original \$20,000 I borrowed to fund my Bachelors degree, add the extra \$5,000 I took out to help support me during my graduate work, and mix in my husband's student loan obligations, you arrive at a whopping \$50,000 and that was 10 years ago. Even now, this figure is above the national average for student loan debt, which is estimated at approximately \$21,000 per graduate.

Why was our combined student loan debt so high? First, I had opted to attend a private university for my undergraduate degree, which came with high tuition rates. Second, we made a series of poor decisions that kept the meter running. For example, we agreed to take out \$5,000 in student loans my second year of graduate school and our first year of marriage largely because we thought our finances might otherwise be too tight.

We really hadn't even taken the time to crunch the numbers. In other words, that \$5,000 didn't go to pay for tuition, but instead went to fund our living expenses and our wants. To be honest, I can only account for about \$1500 of that \$5,000 and that went to buy a computer.

As for my husband, he had completed all but his last semester of college by the time we married and was already carrying almost \$25,000 in debt when we met. He had used that money to pay his tuition, room, and board, but also his car payment, designer jeans and shirts, spring break trips, nights out with friends, and way too many pizzas.

Not until the dust finally settled and we both graduated with our degrees did we fully realize the extent of our debt. I couched my resentment towards my husband's debt in jokes about how we were still paying for the jeans he was wearing. Yet, I had as much responsibility in that total, regardless of how we had arrived there.

The fact is that we made mistakes individually and collectively, mistakes which amounted to a monthly payment of about \$600, which we were slated

to pay for the next 10 years. I had chosen a pricey university and worked full time to offset this decision, while he worked a few hours a week and sought to devote himself more intently to his studies. In retrospect, neither one of us had made the right choice.

I've heard it said that experience is a good teacher, but that the fees are high. Perhaps this is no truer than in our case. While we've reaped the benefits of having an education and managed to pay off our student loan debt five years early, I would point prospective college students and their parents down a different path.

The allure and perhaps even the pressure to go away to college can be great, but you'll typically find the best return on your money close to home. Taking basic required classes at a community college or another state institution within easy commuting distance (ensuring that those credits are transferable) is a practical way to keep costs down. Another way to keep college loan debt at bay is to combine work and school. According to data from the National Survey of Student Engagement, students who work 20 hours a week report no change in their academic progress. Anecdotal evidence suggests that students learn better time management skills and gain more practical experience when they balance work and school.

Having a big, fat student loan check at your disposal can make it difficult to think about anything more than the here and now. Nevertheless, I believe that it's unwise to take out student loan debt to pay for anything other than direct school expenses: namely tuition and fees. Even though it's a common practice to include the cost of room and board in student loans, I suggest considering alternative solutions if you find yourself having to fund basic living expenses via loans. Calculate your needs carefully and refrain from taking out any more in student loans than is absolutely necessary.

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