



Avoid Scary Student Loan Debt

When you graduate from college, you may face several new fears ... the transition to financial independence, endless interviews, finally landing that dream job. Unfortunately, many graduates also face a mountain of student loan debt. Thankfully, there are simple ways you can avoid a student debt nightmare.

- **Borrow responsibly from the start.** The financial aid office can help you determine how much you'll need to pay school expenses; limit borrowing to that amount. Each dollar borrowed is one that has to be paid back later, plus interest! Exhaust all federal loan eligibility before considering *private* or *alternative* loans, which often have higher interest rates and fewer flexible repayment options.
- **Keep tabs.** It's important to re-evaluate borrowing needs each semester and borrow only what's necessary to cover school expenses. It's also important to keep track of how much you've borrowed as each semester passes; a good rule of thumb is to make sure that monthly debt payments after graduation will stay below 8 percent of your expected monthly salary. Check out [Mapping Your Future's debt/salary wizard](#) to crunch the numbers.
- **Tackle interest.** You should consider paying the interest accruing on unsubsidized federal loans while you're in school. Interest payments are usually affordable, even on a tight budget, and can save you hundreds over the life of your loan.
- **Plan for repayment.** You can't wait until the grace period is up to start thinking about loan repayment. By that time, your extra funds may have been committed to car payments, a mortgage or rent or other obligations. The six-month grace period is designed to give you time to work repayment into your budget. Begin by putting the amount of your student loan payment into savings right away. Then, when repayment begins, you're used to living without that cash for daily expenses.
- **Ask for help when help is needed.** If you're finding it difficult to make student loan payments, talk to your lender(s) immediately. Deferment or forbearance options may be available in times of hardship, and federal loans offer a variety of different repayment schedules to meet your needs.