Six Tips for Managing Student Loans and College Expenses

Non-profit credit agency Take Charge America helps students earn a degree without amassing big debt

PHOENIX – (March 26, 2014) – It’s the time of year when high school seniors are finalizing plans for college. In addition to choosing a major and deciding where to live, it’s important for parents and students to discuss how to manage college expenses, especially since the Chronicle of Higher Education reports 60 percent of students borrow money to pay for school.

“For many students, college marks the beginning of financial independence, but this presents a real problem when it comes to student loans,” said Mike Sullivan, chief education officer for Take Charge America, a national non-profit agency offering student loan counseling. “It’s critical to teach students how to stretch their loan dollars and avoid money mistakes that can have painful consequences for years or even decades to come.”

Sullivan offers six tips for managing student loans and college expenses:

1. **Create a Budget:** It’s the broken-record of financial tips, but that’s because it works. Students and their parents should make a budget accounting for all incoming funds and outgoing expenses to determine how much money they need to borrow. It’s also important for students to revisit the budget regularly and modify as needed.

2. **Spend Your Money Wisely:** Many students use student loans for living expenses, but the money is best used to cover tuition, books and other necessities. Students who save up for college or seek employment to cover day-to-day expenses will amass significantly lower debt.

3. **Understand Your Repayment:** Students are more likely to stick to a budget when they understand what it will take to repay their loans. Direct students to online loan calculators that estimate monthly loan payments based on future salaries.

4. **Use Government Loans:** Students who must borrow money for college should use Federal Stafford loans, currently available at 3.86 percent interest for undergraduates, rather than pricier private loans.

5. **Set a Debt Maximum:** Students are advised never to borrow more than $8,000 for an associate’s degree or $20,000 for an undergraduate degree. With this debt ceiling in mind, students may want to consider state universities and community colleges rather than higher-priced private schools.

6. **Don’t Rush into Debt Consolidation:** While debt consolidation may seem like an attractive solution for repaying debt, seek out professional advice on whether this option is right for you.
Another alternative may be better for your unique situation.

For more student loan tips, visit Take Charge America or StudentLoanCoach.org.

**About Take Charge America, Inc.**
Founded in 1987, Take Charge America, Inc. is a non-profit agency that provides financial education services, including credit counseling, housing counseling, student loan counseling and debt management. It has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit www.takechargeamerica.org or call (888) 822-9193.

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