Take Charge America Busts Common Student Loan Myths
Nonprofit credit and student loan counseling agency shares truth about student loan misconceptions

PHOENIX – (April 21, 2014) – While a college degree typically leads to higher wages and improved job security, the dream of a higher education can quickly dampen with concerns about how to repay student loans.

“A college education is a major investment, and most people today must borrow money or take out student loans to help cover the costs,” said Mike Sullivan, chief education officer for Take Charge America, a national nonprofit financial education agency offering student loan counseling. “Students are right to be concerned, but simply understanding the truth about your loans will make a huge difference now and in the future.”

To help clarify complex issues, Sullivan debunks five common student loan myths:

1. “I can’t afford college without taking out student loans.” College is the largest investment many families will make. However, students can keep the costs in check by exhausting all options for grants and scholarships, getting a job to offset the costs, and sticking to a budget.

2. “I don’t have to worry about my loans until after I graduate.” Those who understand what it will take to repay their student loans are more likely to keep their debts to a minimum. Students also may benefit from using online loan calculators that estimate monthly loan payments based on future salaries.

3. “Education debt is good debt.” After the devastating effects of the Great Recession, no debt can be considered “good debt.” Many students who borrow money during college have much difficulty making their payments afterwards. Before considering student loans, research alternatives and opt for more affordable options, such as a community college or in-state public university.

4. “My credit score won’t be affected if I miss payments on my student loans.” This is a common – and dangerous – untruth. Missing student loans payments will damage your credit score and credit history, making it difficult to borrow money for a mortgage, auto loan or any other purpose.

5. “My student loan will be discharged if I declare bankruptcy.” This statement almost always rings false. To receive a discharge, students must file an “undue hardship” petition demonstrating that they cannot maintain a minimal standard of living while making payments, that the circumstances preventing repayment will persist indefinitely, and that they have already made a good-faith effort to repay the loan.
People who are struggling with student loans payments can get assistance through student loan counseling at Take Charge America. Certified counselors help borrowers navigate the student loan landscape and identify appropriate repayment options for their situations. To learn more, visit http://studentloans.takechargeamerica.org/.

About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. 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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