Questions to Consider Before Applying for Student Loans

Non-profit credit counseling agency Take Charge America gives parents, students advice on paying for college with student loans

PHOENIX – (Sept. 11, 2012) – Americans from all walks of life and backgrounds struggle with student loan payments long after they graduate. In fact, the Federal Reserve Bank of New York reports student loan debt has even surpassed credit card debt in the United States.

“Many young adults don’t realize the long-term financial impact that student loans can have until it’s too late,” said Mike Sullivan, director of education for Take Charge America, a national non-profit credit counseling agency. “A careful evaluation of your options and career goals while you’re still in school can prevent a lot of financial troubles down the road.”

Sullivan suggests students consider these questions before applying for loans:

• **What career are you planning to pursue?** Consider your future salary and ability to pay off the loan. If you’re pursuing a profession with limited earning potential, it doesn’t make financial sense to take out a big loan you’ll have difficulty repaying.

• **Do you plan to attend a private university, state school or community college?** Consider the affordability of your education. While your heart may be set on an exclusive private university, it’s critical to evaluate the benefits, costs and available options. The allure may not be worth the reality.

• **Have you applied for scholarships or grants?** As a general rule, exhaust scholarship and grant possibilities before applying for loans. Your school counselor or financial aid office can provide resources. You can also find scholarship databases online.

• **Have you completed a FAFSA?** Anyone heading to college should submit the Free Application for Financial Student Assistance (FAFSA). You may be surprised to learn you’re eligible for some funding, even if you or your family are not considered “low income.”

• **Have you researched your federal loan options?** If you need to borrow money, federal loans offer fixed interest rates, flexible terms and borrower protections that aren’t usually available with private loans. Perkins and Stafford loans are typically your best bet. Graduate students and parents of undergrads can apply for a Federal PLUS.

• **Have you done your homework on private funding?** If you must turn to private funding, research the best private loans for your financial situation. Factors to consider include: interest rate before and after graduation, loan fees, terms, due date for first payment and monthly payment amount.
About Take Charge America, Inc.

Take Charge America, Inc., a non-profit financial education, credit counseling, housing counseling and debt management agency, is dedicated to helping consumers nationwide improve their financial futures. Founded in 1987, the organization has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit [www.takechargeamerica.org](http://www.takechargeamerica.org) or call (888) 822-9193.

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