

## It's never too early to plan for student loan repayments.



One major financial goal you should have is to finish college owing as little money as possible. A college education increases your earning potential and opens doors of opportunity. But when you take out a student loan, you're borrowing against your future earnings.

The money you borrow for school must be paid back. You can't erase the debt because you didn't graduate, or you can't get a job in your field or you declare bankruptcy. So, now is the best time to think about how much you are borrowing and how you are going to repay those loans.

Hopefully, you have grants and scholarships to help with the costs since you don't have to pay those back. If you need help paying for school, student loans are great options to help you finance your college education. Try to borrow only what you absolutely need to get you through each semester. Being a responsible borrower will help when it comes time to pay back the loans once you leave school.

Student loan payments are based on how much you borrow, your interest rate and the repayment plan you choose. But, try to keep your payment less than 15% of your expected monthly gross salary. Check with the career services or placement office at your school to get an idea of your expected salary based on your major and the year you graduate. That should give you a good indication if you are borrowing within the guidelines.

There are plenty of repayment calculators on the Internet (like those at [studentaid.ed.gov](http://studentaid.ed.gov) or [kheaa.com](http://kheaa.com)). Plug your numbers into one of these calculators to see what you can expect to repay. Below is a snapshot of what you can expect to pay each month once your loans go into repayment. The payments are figured with a standard 10-year repayment period.

### Private (or alternative) loans

If you borrowed student loans that were not guaranteed by the federal government, they are considered private or alternative loans. These loans from either a for-profit or non-profit lender require a credit check and most likely a co-signer.

Private loans normally mirror federal loans in that they don't enter into repayment until you leave school. However, these loans will not be grouped with your federal student loans, so if you have both types of loans, you will have two monthly payments.

The interest rates on the private loans will likely be higher and variable (meaning they could go up). Be sure to check the terms of the loan before you sign the promissory note. The repayment period should be outlined as well, so you can determine how long you'll be paying on this debt. To get a clear picture of what your monthly payment will be on these loans, check the internet for private loan repayment calculators, or contact your lender for more details.

TOTAL AMOUNT BORROWED	3.4%	6.8%
\$10,000	\$98.42	\$115.08
\$15,000	\$147.63	\$172.62
\$20,000	\$196.84	\$230.16
\$25,000	\$246.05	\$287.70
\$30,000	\$295.25	\$345.24
\$35,000	\$344.46	\$402.78
\$40,000	\$393.67	\$460.32
\$45,000	\$442.88	\$517.86
\$50,000	\$492.09	\$575.40

