

# THINK BEFORE YOU BORROW



**TRANSFORMATIONAL**  
LEADERSHIP FORUM

# Student Loans: Think Before You Borrow You did it!

After all of your hard work, you graduated from high school and are preparing to further your education and attend the college of your choice in the fall. This is one of the most exciting times in a young adults life, but don't forget it is also the most important. The average debt for one year of college is \$6,707.00, this includes tuition, with a fixed interest rate of 6.8% and figuring out how you will be paying for that can be scary. With many different options out there, including student loans, you must always take your time and make sure you take your time and always do what's the best for you. Below I outlined



a few things you need to know about financing your college experience and preparing yourself for a better, brighter future.

## Have You Looked at All of Your Options?

When preparing for college, the most important thing to do is research. Look for every grant and scholarship that you can find and apply for them before even thinking about taking out a student loan. studentloans.gov is a great resource to have, this link:

<https://studentloans.gov/myDirectLoan/entranceCounseling.action?execution=e2s1> <https://studentloans.gov/myDirectLoan/entranceCounseling.action?execution=e2s1>

will tell you everything you need to know about borrowing for college and it also provides a list of free financial aid and scholarship programs with links that will take you directly to the application process. I strongly suggest this website to get you started on finding the right funding for your college experience.

## Is Borrowing an Investment in Yourself Or the Investor?

There are numerous loan sharks out there fishing for new credit to ruin with intentions of nothing more than lining their pockets with your money. They don't care about you, or your future, and this is something you must always keep in mind when dealing with investors. Take your time and look over every detail of a loan before you accept the terms. Loan agreements are not easy to understand, so never be afraid to seek advice from a trusted adult, like your parents or guidance counselor, and have them explain the terms of the agreement to you. Second opinions can be very helpful in big financial decisions, and I feel like they should always be considered.



Keep your options open and never settle for something you are not completely satisfied with. If it feels wrong, it most likely is.

### **Will You Borrow More Than You Can Pay Back?**

The key to borrowing is to never borrow too much. Sure a \$10,000 student loan seems nice and after paying for tuition you might even have some left over, but that \$10,000 loan will quickly turn into \$15,000 when interest is added. There are hidden fees everywhere that you must pay close attention to as well. If you're not careful and let's say maybe you're late on a few payments; fees will take over and



before you know it you are 20 years old and \$20,000 in debt. You ruined your credit before you even had any and that can be very hard to rebuild. Over thirty percent of student loan borrowers are ten to twenty thousand dollars in debt. I don't know about you, but I'd rather not be a part of those statistics.

### If You Have to Borrow, Keep These Things in Mind:

If you've exhausted all of your options and borrowing is a must, keep in mind that the best student loans come from the federal government. They have the lowest interest rates with very low monthly payments. This makes it easier to pay the loan back without accruing more interest. Borrow small. It's smart to take only what you need so that paying it back will be quicker and easier for you. This will build your credit and with good credit comes lower interest rates for you, making borrowing more affordable the next time you decide you need a loan. Internet scams are everywhere so never click on Google ads that promise things such as 0% interest on student loans or any type of loan for that matter. Research the loan companies you are thinking of applying with and find out what others think of them. The Better Business Bureau is a great resource for this. It provides ratings





and consumer opinions on every business in the United States, helping people like you make better and more informed decisions on who to do business with. Most importantly, always remember that the decisions you make today will follow you in to your future so think about everything before you act and make the best decisions possible for YOU. Make a plan, stick to it, and have fun!

