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# **Borrowing Student Loans Responsibly**

As you may know, student loans are today's largest form of student aid. Researches have found out that it made up to 54 percent of the total aid awarded every year. However, with the rise of student loans, several cases of student loan defaults occur. The student loan debt is even today's one of the major problems of most student borrowers. It is rising every year and the college expenses as well as the graduate school costs have definitely gone up faster than inflation. Well, let me tell you that this case often surface when you take a particular loan then another student loan followed by another loan. It is often said that as much as you take student loan offers, your loan debt gets bigger and bigger.

Since the case for student loan debt always happens and it carries certain burdens to the attainment of the student's dream of higher education, it is then important that you consider some steps that will help you lower or manage your debts. Perhaps one of the most necessary things to consider is to borrow loans responsibly.

## **Think Before Your Borrow**

Many people find it easy to rush through the student loan process. However, if you take a minute considering some of the money saving tips mentioned below, you could save yourself some bucks in the long run. So, read on.

## **Falling Into the Loan Trap? Oops! Avoid it!**

Most of the time, you may find it tempting to borrow up to the maximum amount. Well, this is what many people call as the "loan trap". It is the case where you borrow the maximum amount of money from the student loan lending company or institution even if it is more than you can afford to repay. It often occurs for the fact that need-based loans are very easy to apply for and they don't usually require payments while you are attending your degree. So, to avoid

certain consequences as you enter the repayment period, you should avoid the loan trap.

### **How Much Loan Do You Actually Need**

Before you consider borrowing a student loan for your college, think first how much loan you really need. Always note that when taking out student loan, you don't have to borrow the entire amount which is usually specified in your award letter. Just borrow what is enough.

### **Reduce Your Loan As Much As Possible**

There are several options available for student loan borrowers. But, before opting for one, it is necessary that you question yourself if you can hold down the expenses; if you can work more, either in the academic year or during vacations; or if there are scholarships available for you. It is often said that if you minimize spending or bring in more money, the amount you have to borrow for your education tends to go down.

### **Consider Student Loans with the Best Terms**

Note that the lower the interest rate, the less pricey the student loan is. This actually means, the less you will have to repay for your student loan debt.

For your own sake, here is what your batting order should be (from the least expensive):

### **Student Loans**

1. Federal Perkins Loans
2. Federal Subsidized Stafford or Direct Loans
3. Federal Unsubsidized Stafford or Direct Loans
4. Alternative or Private Loans

As you may know, most of the students thinking for student loans have access to a special loan source these days. These sources, like the Air Force Aid Society,

have student loans terms that are comparable to the Perkins or Subsidized Stafford or Direct Loans. Of course, it may be worth your time to look into the possibilities. There are some sources these days that offer low-interest student loan programs, and perhaps one of the most resourceful is the College Board's online Scholarship Search.

## **Parent Loans**

1. Federal PLUS Loans
2. Private Loans or Alternative Loans

As mentioned, there are two available forms of education loans for parents. These programs are what commonly offered by some colleges anywhere in the world. But, for great chances of availing the benefits of such programs, it is best to check with your financial aid office to see if the school you wish to attend offers its own loan program. This will also allow you to know if you qualify for the loan, before you submit a PLUS loan application.

## **How Much Should You Borrow?**

Many experts agree that you should borrow only as much as necessary. As mentioned earlier, it is often tempting to borrow whatever you are offered or are eligible to borrow. However, it is necessary to think first carefully about how much you really need, as well as to consider other possible options.

Always note that there is actually no need for you to borrow the entire amount shown in your award letter. And, even more important is that, never plan to borrow as much as you can up the yearly limits because if you do so, expect yourself to be deep down in debt.

## ***Consider Options That Will Reduce Your Loans***

If you are thinking for borrowing money to support your education, try to ask yourself first if you have savings left that you can use instead of taking out a

student loan from the school of your choice. Also, think if you can get by with less by way of holding down expenses, or if you can do something great, like working more, either in the academic year or during vacations just to support your education. Also, think for the possible scholarships that you can apply for, or you can be qualified for. There are actually a lot of options left for you out there. The best move to take now is to know and understand them.

### ***Estimate Your Loan Payments***

It is worthy to note that the more you borrow for your education, the higher is the amount of your monthly repayments will be once you finish your degree. So if possible, try to estimate your loan payments. There are a number of student loan repayment calculators out there that you can use to do the math. What's more, you have the chance to calculate your monthly payments based on the estimated starting salary of your chosen occupation.

## **The Essential Borrowing Tips**

Now that you have pondered enough about your student loan with the things you have to consider before borrowing, as well as with the amount you need to borrow, I guess it is now important for you to look at the most recommended tips for borrowing student loans. Just consider the following:

1. Start by looking at the award letter given to you by your servicer. From the letter, figure out which need-based loans you have been qualified for and for what amounts.
2. After looking at the full financial picture, such as the awarded aid, education cost, and family share, you should then consider settling on an amount that you actually need to borrow.
3. The rule is: never borrow more than you need. Always note that as a student loan borrower, you are not required to take the full amount of the loan you have been offered.
4. Don't ever forget about student employment as an alternative for borrowing. Even though working at a job can seem like an extra burden for students, so is struggling with high loan repayments after college.
5. Apply for the student loan right away. This is very necessary especially if you want to ensure that the loan is approved as well as the money paid to the college before you have to make your first student account payment.
6. The key to successful application is to follow the loan application instructions carefully. Note that any mistakes you make will delay receipt of the funds.
7. When you are applying for a Stafford or Direct student loan, be prepared for the amount that is paid to the college to be less than the amount you signed for. Usually, a fee of up to four percent will be deducted from the student loan. This deduction occurs before the check is sent to the college of your choice.

8. If you already figured out the exact amount you are borrowing before any borrowing process begins, you should start keeping track of your student loan tab, which is what your monthly repayment amount will be after you graduated from college. There are student loan calculators out there than can do the math for you.
9. If instances occur that you find yourself needing more than the amount that's been offered in your award letter, it is necessary to contact with a financial aid counselor before taking on an additional loan.
10. And, if you do take on an additional, unsubsidized loan, just consider making interest payments while attending your degree. The interest won't be much and this will help you save money. If you delay or capitalize the interest payments, you will end up having to pay back significantly less than.

As mentioned, planning and thinking your moves for taking out student loans is very necessary for a successful borrowing. If you do consider what have been mentioned above, then there is no doubt for you not to attain your dream education, and even a successful career in the future.

**Thank You For Reading**

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