

## Reducing College Costs and Student Loan Debt



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You've likely heard the saying – "People spend more time and energy planning their annual vacations than they do planning for their retirement." Recently it has been changed to "Students spend more time and energy planning for SPRING BREAK than they do planning for how they will pay for college costs." Having a plan to pay for college costs before your child goes to college is the most important step you and your child can take. That means starting a college savings plan early and looking at all of the ways you can decrease the amount of student loan debt.

According to the College Board, the median amount of student loan debt for a new college graduate with a bachelor's degree in 2011 was \$26,600. Those graduating with advanced degrees typically accumulate more than \$40,000 in student loan debt. This large debt load leads to long-term financial struggles for young working adults. The impact of student loan debt is seen in delays in the purchase of a home, accumulation of retirement savings, and a decrease in the rate of new start-up businesses.

There are several things that parents and students can do to reduce college costs and the college loan burden:

- 1.) Make a plan. Begin with the end in mind. Research different career options before picking a major before you go to school. Strive to graduate on time or early.
- 2.) Consider dual enrollment. Take college classes while still in high school. The more credits you earn before college, the fewer you will have to pay for when in college.
- 3.) Consider starting at a community college and living at home. Complete the general education classes that every college requires. Learn about articulation agreements between community colleges and your four-year university. The articulation agreement specifies which community college course credits will be accepted toward a bachelor's degree.
- 4.) Explore all the scholarship options. Start looking early and apply every year. It takes a lot of time to apply for scholarships, but is worth the effort. Check out Western Fraternal Life's scholarship opportunities: [www.wflains.org](http://www.wflains.org).
- 5.) Earn money while in school. Get a part-time job or look into work-study employment. Work during your summers off and save the money for college expenses.
- 6.) Consider transportation options other than a car. Insurance, gas, and maintenance on a vehicle eats away the funds you should be putting towards college expenses. If you need a car, consider older, less expensive cars that serves its purpose without the thrills and frills.
- 7.) Don't buy new textbooks. Look online for the books on Amazon.com or another site. Sell back your old books.
- 8.) Avoid credit cards. These quickly lead to incurring unnecessary expenses and debt.
- 9.) Be wise with your student loan money. If you have funds left over after paying your school expenses, return the funds to your lender. Don't use student loan money to fund your spring break holiday.

The long-term financial impact for the nearly 40 million households with student loan debt is significant. These households lose purchasing power and other opportunities because of this debt burden. Parents and students should take steps early and aim to have as little debt as possible after college is completed.