

inTuition: Program Research – 500 word condensed

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Money Skills for Life

Student loan debt has gradually grown into a serious concern for millions of millennials. A recent Forbes survey found that about one-third of millennials think they would have been better off working instead of going to college and paying tuition. The story also reported that, “the number of borrowers who are at least 90 days late on student loan payments has jumped from 8.5% in 2011 to 11.7% today” (Forbes.com).

Like so many tools, student loans can provide tremendous benefits when used properly, but, can also cause irreparable harm when abused. For most students, a loan should be a tool of last resort. Before considering a student loan young-adults should first consider choices that influence the costs and potential payoffs of college.

Selecting the right school is a great way to avoid student loans, and may be the most important choice students can make. Many new college students could save money by starting at a two-year college and then transferring to a four-year university to finish a bachelor’s degree. Also, in-state universities and colleges will usually be your least expensive options. In addition to college choice, your choice of major can also be very expensive. It is important to choose a major that you’ll enjoy but that also opens doors to jobs with high placement rates and high starting salaries. Once you take out a loan, the need to make future payments is guaranteed, but a good job, even with a college education, is not so certain. Aligning your career interests with the needs of the job market can drastically increase your ability to quickly pay off student loans.

Scholarships are a way to get free money and there are a lot of opportunities to receive them. You can use scholarship services online, but don’t be persuaded to pay for what you could do yourself. According to studentfinancedomain.com it is better “to make a ‘scholarship hit list’ - a list of all of the places you can check for scholarship programs.” Once you have made your list, talk to these people or groups. Some scholarships only require a simple application while others might require an essay or project. It can be helpful to think of the process of applying for scholarships as a job. If you spent 30 hours filling out 10 applications and only one of them worked out for \$5,000, your time would have still been worth \$167 an hour! Getting nine rejections may feel like failure, but time spend hunting for scholarships will probably earn you much more than simply working at the local fast-food place to save up the same amount!

Grants are money awarded to students due to financial need that does not need to be paid back. In order to apply, a student should go to www.fafsa.ed.gov to complete their online FAFSA application every year. Work study is available if you have filled out the FAFSA form and have been found eligible for financial aid. Talk to your school financial office about opportunities for work study.

Getting a job is another excellent way for paying for tuition. According to Laura W. Perna, a professor at the University of Pennsylvania, studies have shown that the best academic

success has been seen in students that work “ten to fifteen hours per week, on campus.” While you are working you may be able to apply for tuition payment plans at the same time. That way you can plan your tuition to be paid out in smaller chunks as you get your paycheck during the semester.

There are other options for financial aid to seriously examine instead of simply depending upon student loans. That being said, once all other options are exhausted, there still may be a place for wisely used student loans. But remember to treat them as an investment, and unless you start with a reasonable plan to repay your loans within a few years of finishing school, it could end up being the worst investment of your life.

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