

Student Loan Debt

Lynn White February 20, 2018



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(Newswire.net -- February 20, 2018) -- Student loans have had a great impact on the lives of young people. Studies have shown that by 2017, 70% of graduates left school with student loans averaging at \$38,000. A large number of these graduates are young people and because these loans are not easily repaid, different aspects of their lives are affected.

These young people have a hard time purchasing a home, deciding to start a business, they delay marriage for some years and their retirement accounts are affected.

Statistics show that less than 20% of women born in the 1990s have ever been married while 38% of women born in 1980s have never been married. Financial experts and economists have also put forward that Millennials will have to put away twice as much as their parents did to be able to afford a comfortable lifestyle when they retire.

Students accumulate these loans differently, all based on the type of school that they attend. In 2012 for instance, 71% of all the students graduating from four-year college course had student loans. This meant that there were a total of 1.3 million individuals with loans which were a 200,000 rise from 1.1 million students graduating with loans in 2008. In the same year (2012) 66% of graduates from public colleges had student loans, each with an average of \$25,550. As for students graduating from private non-profit colleges, 75% of them had debts averaging at \$32,300 while 88% of students graduating from for-profit colleges had loans each with an average debt of \$39,950. In 2012, only 20% of the loans were for students in private colleges.

Statistics also show that students that applied and got the Pell Grants had a higher possibility of borrowing again. In 2012, data showed that 88% of the students that received this grant had student loan debt averaging at \$31,200. As for those who did not receive it, only 53% of them had student debt loans and their average was \$4,750 less than those who received the grants, with an average of \$26,450.

Student Loan Refinancing

This is yet another option when looking to pay back your [student loan](#). This is whereby you take out a loan to pay off your other student loans. It is a good option especially when your current credit score is better than when you took out the student loans. Student loan refinancing may also qualify one for better repayment terms such as lower monthly payments and/or a lower interest rate.

Student loans are great because they help individuals go to school without a hitch but repaying them is even better because it gives one a sense of accomplishment and a step closer to financial freedom.

Demystifying Student Loan Misconceptions

Students often ask for information on the student loans available for them from their peers. In the process, half-truths and outright misconceptions are passed along. The first misconception is that it is a good loan. Students often say that if one takes a loan and uses it to pay for a college diploma, then after being employed, the total amount of the loan will not be more than their first year's salary. Students also assume that the loans will be automatically renewed until they graduate. This is however not the case because loans are given per academic year and so if a student feels the need to borrow again; they have to apply for renewal. Another misconception is that private and federal loans are the same. The truth is far from it. They differ in terms of interest rates, local modification and forgiveness programs. Students also assert that they can always declare bankruptcy to solve their student loans business. This is however not the case unless in very rare and isolated cases where bankruptcy can be used as forgiveness for federal and private loans.

Getting the right and correct information on student loans is therefore important before making the decision to apply for college financial aid. Information is available on FAFSA – Free Application for Student Aid. There is a form that one has to fill and this helps the United States Department of Education to determine those that are eligible and help students meet their financial needs. The information on FAFSA is also used by some states to award grants and loans

to the students.

Students and parents are encouraged to inquire on in-state and out-of-state tuition fees, the cost of public vs. private college, the difference between when one will be attending college from home and when the student is going away and also the different interest rates for the different loans available. The important thing is to fill out the FAFSA form early because most of the information needed to coincide with those in the tax filings.

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