



STUDENT LOAN STRATEGIES

First and foremost, create a strategy early. However, if you're starting late, resist the temptation to pull from other savings like your retirement fund. **Parents:** never forgo saving for retirement. There are many resources available to help students pay for college, but there's no such thing as a loan to retire.

Wisconsin College Savings Program

One great way to save money for college if you're able to start early is through the Wisconsin College Savings Program. This program, made up of the 529 EdVest & Tomorrow's Scholar college savings plans, enables consumers to save tax-free dollars to pay for future post-secondary education costs. You can find out more about the program from the Wisconsin Treasury website at www.statetreasury.wisconsin.gov.

Scholarships and Grants

Applying for grants & scholarships should be part of every college-bound student's strategy. National grants include Pell Grants, Academic Competitiveness Grants & National SMART Grants, but local scholarships often have less competition. Civic organizations & religious institutions often have meaningful amounts of aid available to students willing to fill out an application. Don't forget to ask the school itself how you can maximize their financial aid package. If you've been accepted to more than one school, it might even be possible to negotiate for a better package.

Student Loans

Federal loans, whether subsidized or not, are a better option than private student loans for most consumers. Because federal loans are cheaper & have more flexible repayment options, students with financial need should always exhaust their federal options before looking to private loans. The Consumer Financial Protection Bureau has more information & resources on student loans available on its website at www.consumerfinance.gov/paying-for-college. The most important thing to remember when applying for loans is to **know how much you need**. Having a defined "ceiling" in mind will help prevent you from taking on more debt than necessary.

After Graduation

Get Organized

The first thing to do is to organize all of the information you have for all of your student loans. Make a list or spreadsheet that organizes important information such as the name of the loan, the lender, interest rate, total principal (amount due), monthly payment, and when repayment is scheduled to begin. Different loans may have different grace periods (the amount of time after graduation you can wait before making your first payment), so the first payment may be due at different times for different loans.

Stay in Touch with your Lender

Many recent graduates relocate. Make sure that your lenders know how to reach you! Updating your contact information is often as simple as visiting the lender's website & filling out a form. It's also a good idea to stay in touch in case you start having difficulty making your payments. This can happen due to unemployment, injury or medical condition, or other financial emergency. Lenders will work with you to adjust your payments or schedule, but you have to let them know, first.

Consider Consolidating

A consolidation loan combines multiple loans into one for a single monthly payment & one fixed interest rate. There are several pros & cons to consider, however. Consolidating often extends the repayment period, meaning while you will have a lower monthly payment, it will take you longer to completely pay off the loan. However, it can also provide an interest rate break (especially if you have any variable rate loans) & the single payment is more convenient & simpler to budget for. Seek expert advice if you're considering consolidation as a strategy.

Don't Forget Tax Breaks

Many recent college grads just beginning their student loan repayment aren't aware of the Student Loan Interest Deduction, which allows taxpayers to deduct up to \$2,500 of the interest paid on student loans (depending on your income). The best part is, even if you do not itemize your taxes, you're still allowed to claim this deduction. How? Just watch for your 1040 form(s) to arrive - you'll receive one per lender - & follow the instructions on them.

If you are struggling to make payments or aren't sure your strategy is the best way for you to repay your student loans, seek the advice of a financial aid counselor at your alma mater or talk to your lender. Another good resource is <http://StudentAid.ed.gov>, which has tools like repayment estimators & information on various repayment plans available for federal student loans.