

Tips for Graduates to Pay Back Student Loans

'Tis the season for graduation! Students across the country will finish their two- or four-year college degrees this month and begin hunting for jobs in a still-sluggish economy. Their degrees give them a leg-up on their peers, but also likely leave them staring down thousands in student loan debt. Students in the U.S. face a total of \$986 billion in combined debt, averaging \$24,810 per student. Here are some tips to keep you on track as you repay those loans.

Get organized. Most college graduates have outstanding loans from multiple servicers, so it's important to make a list - whether it's on paper or a digital spreadsheet - to keep track of them all. Include the servicer's name and website, the total amount of the loan, how much is due each month and the due dates.

Stay in touch with your services. College grads often move several times following graduation, due to job searches and other factors. Make sure you always update your address with your loan servicers so any information they send you goes to your current address. A convenient way to make sure nothing gets lost in the shuffle is to sign up for email communication from your lenders.

Select the repayment plan that fits your situation. Most student loan servicers have a wide variety of repayment plans available, so choose the option that will work the best for you. If you got a job straight out of school or have enough saved up to last until you do find work, a standard repayment plan will probably be the best fit. If you're taking time to do volunteer work or travel, or you haven't been able to find work in your field, consider an extended payment plan or one that has smaller monthly payments at first. Work with your lender to choose the option that fits you.

Make your payments on time. The number of students who are at least 90 days late on student loan payments has increased to 11.7 percent, up from 8.5 percent in 2011. This will not only cost you more in late fees and higher interest payments, it can also ruin your credit for the future. If you have trouble remembering when your payments are due, or simply don't want to have to worry about them, sign up for automatic payments.

Use deferment as a last resort. While putting off making payments may seem like an attractive option, it will end up costing you much more in the end, because interest on the loan continues to accrue during the deferment period.

Student loan debt may seem insurmountable, but getting organized and budgeting carefully, these loans can be paid off on schedule, or even early. Talk to your banker if you need help getting your finances for student loan repayment.



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