



Managing Your Student Loans Transcript

Welcome to Money Talks, a series of podcasts developed by Oklahoma Money Matters, the financial literacy initiative of the Oklahoma College Assistance Program and the Oklahoma State Regents for Higher Education.

A student loan is often the first experience with credit management for many students. Join us today as we discuss ways to manage student loans. We'll provide important tips for folks who are about to take out a student loan, are currently using a loan to pay for school, or are about to enter repayment on student loans. Let's get started.

Before you take out a student loan, make sure you take advantage of free money like grants, scholarships and college savings first. If you must rely on student loans, exhaust all federal loan options before considering any private or "alternative" loans, which can have higher interest rates and fewer flexible repayment options.

Also, borrow only what you need to pay for school expenses. Many students are offered more loan money from outside sources than they actually need. Be cautious! Only borrow what you need to pay your current school expenses, which can include your basic living expenses for the school year.

It's also a wise idea to think about your future income. When it comes to student loans, a good rule of thumb is to make sure your total amount borrowed is less than your expected starting salary, and some experts recommend that your monthly loan payment should be no more than 8% of your expected monthly income after graduation.

If you're currently using a student loan to pay for school, be sure to reconsider your needs each semester. Think about last semester. Did you have extra loan funds left over, or were you struggling to get by? Monitor your needs and adjust your borrowing accordingly. And, remember to look for free money, like grants and scholarships, each year – new funds may be available.

Also, you may want to consider paying your student loan interest while you're in school. If you're given the option to pay the interest accrued on unsubsidized loans during school, do it. These quarterly payments are usually affordable even on a tight budget and can save you hundreds in interest charges over the life of your loan!

After graduation, start thinking about repayment before it begins. Make sure you adapt your budget to include your monthly student loan payment before your grace period ends. Repaying your student loan isn't optional, even if you withdraw from school before graduating. Your student loan payment is just as important as any other fixed expense, like your rent or car payment.

Communicate with your lender regularly, especially if you're having trouble making payments. They may be able to offer you an alternative repayment plan that meets your needs.

Also, no matter what student loan stage you're in, keep copies of all loan correspondence. Create a "my student loan" file to hold statements, notices and other important loan related documents.

A college education is one of the most important investments you can make in your future, and a federal student loan can be a solid option to help you afford it. Be sure to ask questions during the student loan process if there's something you don't understand. It's your money we're talking about, so don't be afraid to ask for help or for more information. Your financial aid department, lender and guarantor are great resources for information and assistance.

*Thank you for joining us on Money Talks! If you'd like more money saving tips, check out our Web site, Oklahoma money matters dot org. Until next time, **make your money matter!***