

Reducing Your Student Loan Debt

Whether you already have student loans, or are looking for ways to fund your education, this article will give you suggestions that will help to reduce the amount of student loan debt that you may acquire in the future.

Don't Turn to Loans Immediately

While loans are a great option to pay for your schooling, they are not the only option. Before you take out loans, look into the following alternatives.

Complete a FAFSA

To receive any kind of federal financial aid, you must first complete a Free Application for Federal Student Aid, a.k.a. the FAFSA. The FAFSA is the first step necessary to apply for grants, work-study, scholarships and federal loans. The federal government, state government and even prospective schools use the information that you provide on this form to determine your need and eligibility for the preceding financial aid.

The key thing to remember when completing a **FAFSA** is to get it done early! Most financial aid packages are given on a first come, first served basis. Therefore, to get the best possible financial aid package, students should submit their FAFSA as soon as possible **after January 1**.

When filling out your FAFSA, make sure that you have the correct form for the school year that you will be seeking financial aid for. Also, make sure that your application is filled out completely and accurately to avoid unnecessary delays in processing your FAFSA. Finally, be honest about incomes, etc. Lying will not ensure that you will receive anymore money.

For more information on the **FAFSA**, or to complete your form online, visit www.fafsa.ed.gov.

Grants

Grants are advantageous in that they are monetary awards that never have to be repaid. Grants can be obtained through both federal and state governments as well as from your college or university. Because they are completely based on need, in order to receive a grant, students must demonstrate that they have need for financial aid. The Expected Family Contribution (EFC) section that you complete on the FAFSA will determine your eligibility for a grant.

Scholarships

Scholarships are a great deal in that they are also free money. There are many different types of scholarships, some are based on merit, and others are based on need. Some are for students who excel in the community, or in a talent,

while others are for students from a particular heritage or culture. Search extensively for scholarships, both through your school's financial aid office or counseling center and online. Also, apply for as many as possible.

Work Study

Through the **Federal Work Study (FWS) Program**, students with financial need are given opportunities for employment either at their school or off-campus in the community. The student works several hours each week at a job that is related to their field of study. The money that the students earn from their employment is intended to help them pay for the costs related to their schooling. Because the money is earned, it does not need to be repaid.

Other Alternatives

If you are still short on funding for the school of your dreams, consider these options.

Attend a School that Wants You

If you attend a school that is looking to recruit you, you have a better chance of landing a larger and more attractive financial aid package than you would from a school that you are struggling to get into.

Attend a Less-Expensive School

Attend a top-rated graduate school at a public university rather than a mediocre private school. This could save you a lot of money in tuition costs!

Turn to Loans

Because the costs involved with obtaining an education can be high, it is possible that even if you implement the preceding funding options into your life, it still may not be enough to cover all of your costs. At this point, federal student loans are a great option to turn to.

Have Limits

Before you ever take out a single loan, a good way to **avoid excessive debt** is to have a limit on the amount that you need to borrow. Make a detailed list of the costs that are necessary for you to attend school for that year, and add them up. From that total, subtract any scholarships or grants that you may have already received. This will give you an estimation of the amount that you will need to borrow. Stick to that limit! The key is to borrow the least amount of money that you can live on. It might mean making some sacrifices to live a little cheaper while you are in school: no new car, no new wardrobe. But it is worth it to **avoid unnecessary debt**. Remember that loans are not free money! They will need to eventually be repaid...with interest!

Federal First!

Apply for federal student loans first. Because federal student loans have a lower interest rate than private loans, you will be saving more money with federal loans. Also, federal loans are backed by the government and offer **Stafford Loans** that can be subsidized, in which the government will pay for the interest on the loans while you are **in school, in your grace period or in deferment.**

Pay While In School

A great way to save a lot of money is to start making payments on your loans while you are still in school. At the very least, **make payments** on your unsubsidized loans. This will help to keep your balance from growing out of control while you are still in school.

Ask for Forgiveness

Forgiveness programs are a great option for students with student loan debt. Forgiveness programs can be offered through the federal government, state government, military and other various agencies and organizations across the nation. In exchange for a commitment from recent graduates to work in a pre-determined field or area, these organizations will offer reimbursement on student loans, depending on your area of study. The length of commitment and the amount that you will receive varies with each organization.

Consolidate and Save

Once your schooling is completed, a great way to reduce your student loan debt is by consolidating your federal student loans and/or your private student loans. Consolidating your student loans with **Graduate School Loans** will **save you thousands of dollars** over the life of your loan, and could even lower your monthly payment by almost half! Not only will consolidating **significantly reduce your student loan debt**, but it will also save you time! The result of consolidation is just one loan, with one low monthly payment, to just one lender.

Work Your Way through School

It can be difficult to balance school and a job. Consider doing something that will not take you away from your studies for very long, like tutoring, or working on campus. Or find a job during your summer break. This will give you extra money which is a great alternative to taking out more loans!

Talk to Your Financial Aid Advisor

There are many more options to pay for your **graduate school**, and still avoid excessive student loan debt. Talk to your financial aid advisor about **fellowships** and **assistantships** to help with your schooling. These will not only provide you money to help fund your education, but also give you experience in your field.