

THE CREDIT UNION COLUMN

STUDENT LOANS

The amount of student loan debt in this country is staggering, and many college graduates enter the work force with payments that could last 30 years or more!

The following recommendations come from themoneymill.com and offer great advice for getting rid of your student loan debt faster.

Get motivated to pay them off sooner.

Paying off student loans ahead of schedule will really just put you in a better financial state in the future. You'll pay less interest over time and you won't actually be stuck with the same student loan for 20 years like your term says you will. Find a really good reason that's personal to you that drives you to pay them off faster. Imagine your life without student loans. Think of anything that will keep you strong in the student loan pay off game.

Pay more than the monthly minimum payment.

Whether it's \$20, \$200 or any random amount in between, making a higher payment than required is the best way to pay off your student loans faster. If you have more than one loan payment and can only afford to pay more on one loan, choose the one that has the highest interest rate. You can budget for higher than your minimum payment, or you could use any money you have left over at the end of the month as an extra loan payment. Either way, paying more than required is a great way to pay student loans off faster.

Tip: Be aware of how extra payments are applied to your account. You want to make sure that the additional amount you are paying is applied to the principal amount rather than to interest.

Decrease your expenses.

Any extra money that can be put towards student loans will help you pay them off faster. Take a look at your expenses and see if there is anything you can do to slash some. Ask your cable company about a cheaper package, cancel your monthly subscriptions to Netflix, Spotify, Amazon Prime, etc., get a quote from other insurance companies or change your habits and eat out less often and make coffee at home.

Put birthday money, Christmas money, tax return funds, raises and any other extra cash toward your student loans.

If you receive money in addition to your normal paycheck, avoid spending it...no matter how much you want that new computer, those new shoes or to go to that concert. It will be worth it as you get closer to paying off your student loans.

Enroll in auto-pay.

When you enroll in auto-pay, your student loan payment is automatically taken from your account on the due date. Most lenders offer an interest rate decrease for people enrolled in this service. Not only does this eliminate the hassle of having to remember to manually make your payment, but it decreases the amount of interest you pay over time, allowing you to pay off your loans faster.

Avoid repayment programs and other repayment plans.

Although these programs come with a lower monthly payment, which always sounds amazing, they also come with longer terms, which means more interest paid over time. If you are really, really struggling to make those monthly payments on time and in full, these options might work for you. But, if you can make the payments, still pay your other bills and have money left over to enjoy yourself, don't be fooled by the thought of a low payment.

Refinance or consolidate your loans.

Putting extra money towards your student loans is a sure way to pay them off early, but if you want to make an even more drastic change, look into your refinancing and consolidation options. You can possibly refinance your loans to get a lower interest rate and term length. If you have multiple student loans, you can consolidate them so they combine together, giving you only one loan payment.

Get a side job.

If your schedule allows it, a second job can help you reach your goals in paying off your student loans early. All money made with your second job can be put toward your student loans. While this may be easier said than done, it's definitely helpful.

WORDS OF WISDOM

You must not lose faith in humanity. Humanity is an ocean; if a few drops of the ocean are dirty, the ocean does not become dirty.

Mahatma Gandhi



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