

The Register taps into the experience and viewpoints of the IARFC Board. They come together from different backgrounds, with different goals and expressing different opinions. The constant is the respect and dedication given to their commitment to the IARFC.

Three Key Considerations Before Taking Out A Student Loan

According to the National Center of Education Statistics, about 70% of students will enroll in college in the fall immediately following completion of high school. Whether or not to attend college is one of the most important financial decisions a student will make in their lives.

There are many programs to help students finance their college educations, but there aren't a lot of programs to tell them how to pay those loans back. The key is to make sure all options are considered now while going through the decision making process so students can make informed decisions. Students need to ask themselves if they can pay back the loan with their chosen path of education. While it's good to dream big, take a step back and consider this one important question before proceeding.

The Number One Question To Ask

Many college students borrow to finance their education, yet they often do so without fully understanding how much debt is appropriate for their education. They also fail to consider the connection between their area of study and the income level that they can realistically expect upon graduation.

1. Consider Future Employability.

Students need to consider what kind of job prospects they will have with their degree. Will they be able to find a job? How hard will it be to find a job? Will they have to move to where the jobs are, or are there jobs everywhere? How much can they get paid?

Will the desired degree offer sufficient income necessary to pay back their student loans and allow them enough discretionary income to fund their post-college lifestyle?

2. Consider Less Costly Learning Options.

For students who are undecided on a major, they should consider going to a community college. This option is much less costly than going to a four year institution and allows students to take core classes at a reduced cost. Just verify that all 100 and 200 level courses are transferable to a four-year institution.

For students who want to specialize in a specific vocation, a trade school may be the answer. This allows students to focus on skill-based learning which takes less time to complete than traditional degrees and has a lower cost tuition.

3. Consider The Budget.

Students need to estimate the cost of their college degree. They can do this by going to the admissions/financial office. Once they have established the costs of their education they can determine the need for and cost of the loans that will be needed to get through school. This is the debt that will need to be repaid after graduation.

Once they graduate, students will need to determine their post-college budget. Using the post-college budget (including loan repayment), subtract this amount from the graduate's salary. If the number is positive, the graduate is on the right path to financial success. If the number is negative, it's time to reconsider the cost of the college experience in relation to the graduate's career choice.

Remember this key fact when budgeting, employers will pay a salary consistent with the industry standard. They don't offer to pay premiums because the applicant has student loans to pay off. That is why it's important to be proactive with decisions

regarding the appropriate level of debt to accumulate to get a degree.

Be Proactive Not Reactive

There is no denying that a college education today is costly. Most of the reports and articles focus on how to pay off student debt after it is incurred but most students don't realize the true cost of their education until after they graduate. Unfortunately, what they find out is that the degree they have earned won't provide a career in line with what they need for daily living expenses balanced with paying off their student loan.

Be proactive, do the research necessary to determine the cost and income potential of the desired degree. Focusing on these three key considerations will help students become financially successful after graduation. ■



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