
Coping with College Loans

Weekly Educational Update – January 22, 2020

Total student loan debt in America is now around \$1.6 trillion. Since 2008, it has more than doubled. Federal Reserve data states that 44.7 million Americans are dealing with lingering education loans. The average indebted college graduate leaves campus owing nearly \$30,000, and the mean monthly student loan payment is about \$400.¹

Student debt influences home buying and retirement saving decisions. The National Association of Realtors says that 25% of recent homebuyers have outstanding student loans, including 41% of first-time buyers. A 2018 study by the Center for Retirement Research at Boston College concluded that under-30 employees carrying education debt typically have just half as much saved in their workplace retirement plan accounts as other workers their age.^{2,3}

If you carry a sizable education debt, how can you plan to pay it off? If you are young (or not so young), budgeting is key. Even if you get a second job, a promotion, or an inheritance, you won't be able to erase any debt if your expenses consistently exceed your income. Smartphone apps and other online budget tools can help you live within your budget day to day or even at the point of purchase for goods and services.

After that first step, you can use a few different strategies to whittle away at college loans.

*The local economy permitting, a couple can live on one salary and use the wages of the other earner to pay off the loan balance(s).

*You could use your tax refund to attack the debt.

*You can hold off on a major purchase or two.

*You can sell something of significant value – a car or truck, a motorbike, jewelry, collectibles – and use the cash for paying down the debt.

Now, in the big picture of your budget, you could try the “snowball method” where you focus on paying off your smallest debt first, then the next smallest, etc., on to the largest. Or, you could try the “debt ladder” tactic, where you attack the debt(s) with the highest interest rate(s) to start. That may permit you to gradually devote more and more money toward the goal of wiping out that existing student loan balance.

Even just paying more than the minimum each month on your loan has the potential to help. Making payments every two weeks rather than every month can also have a positive impact.

If a lender presents you with a choice of repayment plans, weigh the one you currently use against the others; the others might be better. Signing up for automatic payments can help too. You avoid the risk of penalty for late payment, and student loan issuers commonly reward the move by lowering the interest rate on a loan by a quarter point.⁴

What if you have multiple outstanding college loans? If one of them has a variable interest rate, try addressing that one first. Why? The interest rate on it may rise with time.

Also, how about combining multiple federal student loan balances into one? That is another option. While this requires a consolidation fee, it also leaves you with one payment, perhaps at a lower interest rate than some of the old loans had. If you have multiple private-sector loans, refinancing is an option. Refinancing could lower the interest rate and trim the monthly payment. The downside is that you may end up with variable interest rates.⁵

Maybe your boss could help you pay down the loan. Some companies are doing just that for their workers, simply to be competitive today. According to the Society for Human Resource Management, 8% of employers offer this perk. A 2018 Employee Benefit Research Institute poll of 250 firms revealed that 13% planned to offer such assistance in the future.⁶

To reduce your student debt, live within your means and use your financial creativity. It may disappear faster than you think.



“You can never leave footprints that last if you are always walking on tiptoe.”

– Leymah Gbowee



Turkey Burger Deluxe



Serves 4

Ingredients:

- 1 lb. ground turkey
- 1 large egg
- 2 cloves garlic, minced
- 1 Tbsp. Worcestershire sauce
- 2 Tbsp. parsley, chopped
- Salt and pepper (freshly ground Kosher salt and peppercorns, to taste)
- 1 Tbsp. extra-virgin olive oil

Directions:

1. Beat egg in large bowl. Mix in turkey, garlic, Worcestershire, and parsley.
2. Add salt and pepper.
3. Make four patties. Flatter patties cook faster.
4. Over medium heat, cook patties through, five minutes on each side.
5. Serving suggestions: toasted bun with favorite condiments and toppers; Ciabatta or Brioche buns; lettuce wraps.
6. Seasoning variations: add 1 tsp. of favorite hot sauce for spicy burger.

Recipe adapted from delish.com⁷



3 Reasons to E-File Your Taxes

If you're still one of the few taxpayers who files paper returns, consider these reasons to switch to electronic filing:

1. Filing electronically often means a faster refund. By avoiding mail delays and common filing errors, you save time. Get your refund even faster by combining an electronic return with direct deposit of your refund. According to the IRS, the agency issues 9 out of 10 refunds within 30 days or less.
2. IRS e-file is safe and secure and can help you avoid common mistakes. The IRS uses modern encryption technology to protect your sensitive personal information. The agency is also working to help protect taxpayers from refund fraud.
3. You can use multiple options to e-file. Tax preparation software is available commercially, and you can consult a tax expert for help.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov⁸



A Lower Finish Promotes Lower Shots

There is a real correlation between the height of your hands during your follow-through and the height of your shot. Take a moment and think about it. Now think about the potential risk of hitting high approach shots on a gusty day.

When you are hitting a shot into a stiff wind or crosswind, you are probably going to play the ball back a bit farther in your stance (and maybe use more club than you ordinarily would) in an effort to keep it low. This is wise. Reining in your follow-through a bit will

also help. If you can keep your hands low in the finish, that promotes a lower-trajectory shot.

Tip adapted from Turnberry Country Club⁹



Keep Your Skin Happy During the Winter

According to a recent survey, 60% of respondents described their skin as “unhealthy” during the winter. If you’re suffering from dry, itchy skin this season, here are three tips that might help you battle this frustrating condition. But first, make sure to discuss any medical concerns with your health care provider; this information is not a substitute for medical advice.

1. **Stop hot showers.** Milder temperatures prevent damage and reduce moisture loss.
2. **Moisturize often.** Apply immediately after bathing, while skin is still damp. Look for products with the following ingredients.
 - *Humectants* attract water to the skin (e.g., hyaluronic acid and glycerin).
 - *Emollients* mimic the skin’s protective barrier (e.g., ceramides and lanolin).
 - *Occlusives* seal in moisture (e.g., dimethicone and petrolatum).
3. **Get a humidifier.** They help improve moisture levels in the air.

Don’t let the colder months wreak havoc on your skin. A few adjustments might be all your skin needs to feel soft and healthy.

Tip adapted from PR NewsWire¹⁰



Reducing Waste While Dining Out

Don't feel like cooking tonight, but concerned about the amount of waste you'll create by ordering takeout? Here are a few things you can do to reduce the amount of waste when you order out.

Dining in is the easiest way to reduce the amount of waste. Granted, you won't be able to enjoy your meal on your couch, but you won't get all the plastic containers and utensils that come with your order.

When you do get takeout, ask the restaurant to hold the plastic silverware and other items you won't use. If you know you're going to be taking home leftovers when you dine in, bring your own containers to take your food home. Checking out the latest food truck? Bring reusable utensils and a cloth napkin instead of using paper and plastic.

Tip adapted from Green Living Ideas¹¹

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¹ <https://www.fool.com/the-ascent/research/student-loan-debt-statistics/>

² <https://www.nar.realtor/student-loan-debt>

³ <https://www.washingtonpost.com/business/2019/06/25/heres-what-trillion-student-loan-debt-is-doing-us-economy/>

⁴ <https://www.nerdwallet.com/article/loans/student-loans/how-to-lower-student-loan-interest-rate>

⁵ <https://www.nerdwallet.com/blog/loans/student-loans/consolidate-student-loans-2/>

⁶ <https://www.wsj.com/articles/employers-try-a-new-perk-matching-student-loan-payments-with-401-k-contributions-11570708801>

⁷ <https://www.delish.com/cooking/recipe-ideas/a19664658/best-turkey-burger-recipe/>

⁸ <https://www.irs.gov/newsroom/with-the-filing-deadline-close-heres-why-taxpayers-should-e-file>

⁹ <https://turnberrycc.com/10-best-golf-swing-tips-ever/>

¹⁰ <https://www.prnewswire.com/news-releases/survey-reveals-itchy-skin-ranks-among-americans-top-winter-troubles-300773073.html>

¹¹ <https://greenlivingideas.com/2019/08/30/4-tips-for-eating-out-zero-waste-style/>