

TIPS FOR KEEPING DEBT IN CHECK

1. Don't borrow more than you need.

You are not required to borrow the full amount that is stated in your award letter. Borrow only what you need and you'll get what you pay for.

2. Consider student employment as a way to supplement or reduce the amount you have to borrow.

Working may seem like an extra burden, but so is struggling with high loan repayments after college.

3. Research scholarships and grants as alternatives to taking out a loan.

Our college counselors can assist you in finding local and national scholarships and/or grants for which you may qualify. Visit www.nh93.com to get started.

4. Track your "Loan Tab".

Once you know exactly how much you are borrowing, keep track of what your total monthly repayments will be after graduation - you don't want to be surprised later. Check out www.nhheaf.org for information on your loans with our organization. For information about other student loans, visit www.nsls.ed.gov.

5. Use credit cards for emergencies only.

Debt builds quickly and it can take years to pay off. Remember, as a general rule to keeping credit card debt down; if you can eat it or wear it - it's not an emergency.

6. Make interest payments on unsubsidized loans while you are still in school.

Doing so will significantly reduce the repayment amount of your unsubsidized loans.



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IT'S NOT FREE MONEY FOR COLLEGE

How much can you afford to borrow? If you're a student, your payments shouldn't exceed 10% of your expected monthly gross income after graduation.

Estimated Ten Year Repayment Table

Student Loan Amount	Monthly Payment	Estimated Interest Cost
\$5,500	\$63	\$2,095
\$8,500	\$98	\$3,238
\$10,500	\$121	\$4,000
\$14,000	\$161	\$5,333
\$18,500	\$213	\$7,048
\$23,000	\$265	\$8,762
\$27,000	\$311	\$10,286

**Payments and interest costs are rounded to whole dollars based on a maximum interest rate of 6.8% for Federal/Direct Stafford loans.*



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The *Source* of Knowledge for Everything College



how and why to
BORROW RESPONSIBLY



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PLANNING IS THE KEY TO BORROWING RESPONSIBLY



A FEW BASIC CREDIT TIPS



PLAN FOR THE FUTURE

It's crucial for you to understand how borrowing money for school will impact your financial future. That's why our goal is not only to help you apply for financial aid, but also to emphasize the importance of having a long-term financial plan. Before you borrow, calculate how much you'll be expected to repay on your education loan each month and how that amount compares to what you think you'll earn after graduation. Visit www.nhheaf.org to use our online calculators. Remember, when it's time to repay, you will have other financial obligations as well – like living expenses and taxes.

START BY CHOOSING YOUR LOAN AMOUNTS CAREFULLY AND DELIBERATELY

Before borrowing money for college, it's important to determine what your total expenses will be for everything, including tuition and fees, books, housing, meals, personal expenses, transportation costs, and any unforeseen expenses you may encounter. When it comes to your loan, be conservative and accept only what's necessary to cover these costs.

To ensure that you borrow enough, however, don't forget to inquire about any lending, origination and administrative fees that may come out of your loan check.

If you qualify for more than you need and then use the extra funds for unnecessary things like clothes or vacations, you will probably end up paying more than double what those items cost. By borrowing responsibly, you can enjoy your time during and after college.

INTEREST – IT'S THE COST OF BORROWING

The amount of money you borrow is not the actual amount of money you will have to repay – it will be more after you factor in the interest. Interest is the amount charged for borrowed money, calculated as a percent of the principal loan amount. For current rates visit us online at www.nhheaf.org.

For some loans, such as subsidized Federal/Direct Stafford loans, the interest that is accruing while the borrower is enrolled is paid by the federal government on the borrower's behalf. For unsubsidized Federal/Direct Stafford loans, interest accrues throughout the life of the loan. A great way to keep your student loan balance down is to plan on making interest payments on your unsubsidized loans while you are in school. Keep in mind that there are no prepayment penalties.

NOT BORROWING RESPONSIBLY HAS SERIOUS CONSEQUENCES

When you borrow more than you need for school, when you use credit cards unwisely, and you fail to have a financial plan, you may find yourself so deeply in debt that you'll have a hard time getting out. If that happens, the result may be seriously damaging to your credit rating, which could affect your ability to rent an apartment or get a job. Worse yet, excessive debt could destroy your ability to borrow money again – to purchase things like a car or a house – long after graduation.

Many credit card companies aggressively target college students with pre-approved offers that are hard to ignore. For some students, credit cards are useful tools and play an important role in teaching financial responsibility. For other students, credit cards lead to serious financial troubles, damaged credit and large balances. Your best bet when it comes to getting your first credit card is to play it smart and follow a few basic rules:

1. Start with one card that has a low limit. This will prevent your balance from getting too high.
2. Pay off your balance each month, avoid letting it build up. If you pay only the minimum due each month, a \$1,000 debt at 18% interest will take more than 12 years to repay!
3. Treat credit card use as a loan that must be repaid.
4. Read your card agreement carefully so that you fully understand the terms.
5. Pay your bill on time, every time. Late payments can incur fees as high as \$30, may increase your interest rate and will have a serious effect on your credit report.
6. Use your card only for emergencies, not for clothes or food or other unnecessary items.

