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College Debt [brochure and video]

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College Debt

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College Debt Myths

"●**Myth:** I don't have the money and my teen can't afford to take out loans to pay for college, even if he/she wanted to go.

> **Reality:** Almost all students today can get **low-rate education loans** to help them pay for college, and education loans typically don't have to be paid back until a student is out of school. The average loan debt of undergraduate students today is roughly $20,000 – that's less than the cost of most new cars! A car lasts a few years. A college education lasts a lifetime.

●**Myth:** There isn't a lot of financial aid available, and what is available only goes to a few of the very best students.

> **Reality:** During the 2002-03 academic year, more than $105 billion dollars in financial aid was awarded. The vast majority of this money was doled out by the federal government through grant, loan and work-study programs, while colleges' own grants and scholarships accounted for almost 20 percent of all financial aid. States helped too by contributing more than $5.5 billion to the pot. That's a lot of money for a lot of students. In fact, more than 70 percent of students nationally receive some kind of financial aid.

●**Myth:** Students today have so much loan debt that it doesn't make sense to pay a lot to go to college.

> **Reality:** Most students who have huge loan debt usually have either done a poor job of finding a college where their family's **financial aid** works well, or they made a conscious decision to take on that kind of loan debt so they can attend a particular college. (Remember, the average loan debt of undergraduate students today is roughly $20,000 – that's less than the cost of most new cars!) The goal for most families is to find schools that will be financially reasonable for them, usually by using a published financial aid estimator to understand where they stand under the federal formula for financial aid.

●**Myth**: College debt is short-lived.

> **Reality**: Lifelong-debt is no laughing matter. College debt is destructive on two levels:

- **Current funds.** A portion of your paycheck will go to the debt, meaning a house, nice car and everyday luxuries simply might not be open to you for years.
- **Future Funds.** A dollar of debt is an anti-investment. Over the course of one's life, investing $1 at 18 or so means having roughly $10 at retirement given 5-8% return. This means that spending $100,000 for college is actually spending $1,000,000 in terms of actual spending money later on. That's without factoring in interest, meaning the actual figure is much higher."

http://www.knowhow2gowashington.org/mentors/college-myths
http://smartpersonaldevelopment.com/dont-go-into-debt-for-college/

College Debt Alternatives

"Debt is most certainly not the only option when it comes to paying for college. If anything, college debt should be the last option.

- **State Schools** — State schools average a little over $6,000 per year, with private institutions at over $20,000. Less prestigious? Probably not $50,000 + worth.

- **Community College** — Community colleges can be extraordinarily cheap because they serve in the function that a real college should: to give anyone and everyone an education. No elitism, just a cheap education. Don't think that it's so less prestigious that you can't make it in the real world; some places, including Stanford, accept some community college students.

- **Pay-As-You-Go** — This seems to be a forgot method—paying for a year, taking a year off, saving money, and paying for another year. It might take a few extra years, but the end result is absolutely no debt. Oddly enough, this can actually be much, much cheaper than going into debt.

- **Scholarships** — There are literally tens-of-billions of dollars in scholarships. The VFW, Target, Wal-Mart, Coke, almost every company and organization gives out scholarships. If you have a great writing ability, there's almost no excuse for not making use of the scholarships.

- **Don't Get a Degree** —Most people don't have a degree, and if you decide that entrepreneurship is for you that's another reason to not worry about the expense. Instead of paying for your degree, you could save the 50k and put it towards starting your own debt-free business."

http://smartpersonaldevelopment.com/dont-go-into-debt-for-college/