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## Student Debt [brochure and video]


John Roberts

*Western Kentucky University*, john.roberts347@wku.edu

Timothy Popma

*Western Kentucky University*, timothy.popma@wku.edu

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## Student Debt

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- In June 2010, student debt passed national credit card debt at \$833 billion.
- Currently, national student debt is over \$950 billion.
- National student debt increases at \$2,853.88 every second.

[www.Finaid.org](http://www.Finaid.org)

## Student Debt and Health

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Students become more aware of their student debt as they progress through their undergraduate career. This results in anxiety, nervousness, insomnia, and other physical or mental symptoms.

Cooke, Barkham, Audin, and Bradley, 2004, p. 63



## Hope and Advice

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“Kantrowitz advises setting an undergraduate debt ceiling of \$45,000 as a safe burden for someone who plans to earn a degree in engineering, computer science or business. He suggests lowering that cap to \$35,000 for a student likely to choose a liberal-arts major. But he and other experts warn that the lesson is not to forgo college. It’s, Don’t go overboard. College grads still have roughly half the unemployment rate of those without degrees, and their median earnings are about \$21,900 more per year, which translates into almost \$1 million more over a lifetime.”

Dell, 2011, p. 44



## STUDENT DEBT

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*John Roberts and Tim Popma*

7.2% of students drop out of college due to debt and/or financial pressures.

[www.duck9.com](http://www.duck9.com)

"Students who borrow too much end up delaying life-cycle events such as buying a car, buying a home, getting married (and) having children."

- Mark Kantrowitz, publisher of FinAid.org.



## Types of Loans

**Federal Loans-** funds that are lent directly to students for undergraduate and graduate studies, through participating postsecondary schools, with funds borrowed from the U.S.

Treasury.

**Private Loans-** financial option that can help cover additional costs not covered by federal financial aid via lenders such as banks and other lenders.

## Repayment Options: Planning Ahead

Federal loans provide a variety of choices for repayment. Students should pick the option that best works for their particular situation.

**Standard Repayment-** option that offers fixed monthly payments that will have the loan paid off within 10 years.

**Extended Repayment-** option that offers a higher monthly payment that will aim to pay the loan off within 25 years. Due to a longer time, this option will result in higher paid interest.

**Graduated Repayment-** option that offers lower

initial payments that increase every two years and will aim to have the loan paid off within 10 years. This option might be good if a steady increase in salary is expected.

**Income-based Repayment-** option that offers monthly payments based on income. Currently, a remaining balance after 25 years of this option can result in that balance being cancelled.

[www.studentaid.ed.gov](http://www.studentaid.ed.gov)