

Will you ever pay off your student loan?

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Would-be participants of higher education must be given full and transparent advice before they accumulate debts as students that follow them into the workplace, according to a report published in the *International Journal of Pluralism and Economics Education*.

Deborah Figart of the School of Education, at The Richard Stockton College of New Jersey in Galloway, says that there is a dearth of pre-loan and post-loan counseling for [undergraduate students](#) using student loans to help finance their higher education. She has devised an assignment that can be adapted to a wide range of courses to help educate students about debt before it becomes a serious problem that can stay with them for life.

"The average student loan debt for a US graduate of the Class of 2013 was \$28,400, according to the Project on Student Debt," reports Figart, "Each month, young adults are burdened with 25 to 30 percent or more of their net pay dedicated to student loan debt." Anecdotes about telling horror stories of alumni with tens of thousands of dollars in interest-accruing debt earning minimal wages. Law graduates precluded from obtaining a license to practice despite passing the necessary bar exams because of a bad credit record, restaurant school graduates hoping to become chefs but earning a fraction of their debt peeling potatoes.

Most worryingly, Figart adds that the average student has around 8 to 10 loans and the total [student debt](#) far outweighs the nation's total [credit card bills](#). Figart has taught financial and economic literacy to students and teachers, covering subjects related to budgeting and consumer debt.

And, while some states oblige courses to include a component related to budgeting and finance, too many students are "falling through the cracks", she adds. She points out that the federal "Know Before You Owe Private Student Loan Act" does not go far enough in several ways and so also fails to protect students from debt.

Figart urges that students must be counseled in such topics as loan repayment options, average salaries for a wide range of jobs, suggested debt-to-income ratios, and the likely consequences of defaulting on loan repayments. "In an economy where job security and job quality are increasingly elusive, students pursue [higher education](#) as an investment, not simply a means of personal fulfillment," she adds. While financial counseling may dash the dreams of some or at least postpone those dreams, it could nevertheless save thousands of [students](#) from a fate worse than [debt](#).

More information: Figart, D.M. (2014) 'The teaching commons: is student loan debt good or bad debt?', *Int. J. Pluralism and Economics Education*, Vol. 5, No. 4, pp.401-406.

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