

# TAKE CONTROL OF YOUR STUDENT LOAN DEBT



Three ways to help manage loan repayment while working toward other financial goals.

- Student loan debt has more than doubled over the past two decades and is now the second largest form of consumer borrowing in the U.S., behind only home mortgage debt.
- If you are among the approximately 45 million Americans who collectively owe more than \$1.7 trillion in student loans, know that it is very common to feel overwhelmed by payments and outstanding loan balances.
- The good news is that there are specific actions you can take to help potentially manage your payments and pay off your loans while still pursuing your other financial goals.

**Three action steps to start taking  
control of student loan debt**

# 1

## SCOPE OUT A PLAN

Know where you are and where you want to go.



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### Identify your short- and long-term goals

- Keep your loan debt in perspective; it's just one component of your overall financial picture.
- What are your financial responsibilities to yourself and any people who depend on you?
- What are your financial aspirations, both short- and long-term?

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### Understand your debt

- Know your loan details: What are your interest rates (and are they fixed or variable), outstanding balances, and years left on loan terms? Using this information, you can easily project borrowing costs using an online loan calculator.
- Who is the provider: Is it a federal or private student loan?

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### Map out your current cash flows

- Review your fixed costs—rent, food, utilities, minimum debt payments, and so on.
- Whatever is left over is your discretionary income—where is it currently going and is that aligned with your financial goals?
- Find out more about strategies to help create a budget [here](#).

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### Don't let credit cards make the situation worse

- Credit card debt isn't "bad" per se since it is often useful to help establish a strong credit history, but using it unwisely can make your debt and payment situation even worse.
- Consolidate outstanding credit card debt on one low-interest-rate card, search for favorable reward programs and don't spend more than you can pay off each month.

# 2

## TAP INTO SMART REPAYMENT STRATEGIES

Reduce, streamline and prioritize.



### Federal loan strategies

- Government-issued loans offer a number of ways to potentially lower your payments through:
  - Loan consolidation
  - Income-driven, graduated, extended, and pay-as-you-earn repayment plans
  - Temporary repayment relief and even loan forgiveness
- Find out more about your options here: [studentaid.gov](https://studentaid.gov)

### Private loan strategies

- Refinancing existing loans may offer greater repayment flexibility and potentially lower payments and/or interest rates.
- Consider consolidating if you have multiple loans.



### Pay off early or not?

- This can be a highly personal decision, depending on how much discretionary income you have, how far along you are in your other financial goals, and how important it is to you to be debt-free.
- As a general rule of thumb, if you haven't established an emergency fund or started saving a reasonable amount for retirement yet, you should probably direct additional funds here first.
- Paying off outstanding credit card debt, which is usually subject to a higher interest rate, should also be a higher priority.



### Where to focus first

- If you decide that paying off your student loan debt more aggressively makes financial sense in your own situation, start with the highest interest-rate loans, paying only the minimum on your lower-interest-rate debt.
- It also usually makes sense to focus on paying off private and variable-rate loans before moving to federal and fixed-rate loans.

# 3

## INCORPORATE OTHER FINANCIAL GOALS

It's about balance.



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### **Build an emergency fund**

- Life is unpredictable, and an unplanned financial expense can put you deeper in debt if you don't have an emergency cash reserve.
- Focus on saving enough to cover three to six months' worth of essential living expenses.

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### **Don't delay retirement savings**

- The fact is that retirement will be here much sooner than you currently realize, and starting to save earlier rather than later can have a [powerful impact over time due to compounding](#).
- At the very least, you should be contributing to any workplace retirement accounts up to any employer match, otherwise you are leaving free money on the table.
- If you don't have access to an employer-sponsored plan, there are other types of retirement savings accounts you may benefit from.
- An added plus is that many retirement savings accounts can help you save while also lowering your taxable income.

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### **Save for other life goals**

- Once your emergency fund and retirement savings are under control, you can start to focus on your other long-term goals.
- Maybe you hope to own a home someday, plan to help pay for your own children's higher education expenses, or have another financial aspiration that is important to you. Cover the basics first, and then you can expand.

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### **Balancing student loans with your other financial ambitions**

Managing your student loan debt in context with your other financial goals doesn't have to be overwhelming. The key is to realistically assess your situation and start to take action.

That's where a financial advisor can help. At Lenox Advisors, we work closely with our clients to understand their specific financial situations and what they want to accomplish with their money. Together, we can build a plan designed to help you achieve your financial goals.

**Interested in learning more? Visit [lenoxadvisors.com](https://lenoxadvisors.com) or call us at (212) 536-8700**