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## How will I ever pay off my student loans?





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### Answer:

As the cost of post-secondary education continues to increase and you take on further student loan indebtedness to pay for it, you may feel as if you are leaving the ivory tower with a mortgage on your back. You may be surprised to discover that some or all of your indebtedness can be forgiven if you are employed in certain public-service sectors, teach in teacher-shortage areas, or go into the Peace Corps.

If these choices aren't available to you, you must find a way to budget for your student loan payments. Review your household income and expenses. Can you reduce your spending on entertainment, luxuries, and discretionary items? If so, you can divert these saved funds toward monthly principal prepayment of your student loans, thus shortening the overall repayment term and saving on interest charges. You are always permitted to prepay the principal of student loans, partially or in full, without penalty.

Would consolidating your loans or refinancing your loans make the payment schedule easier? Check with your current lender to see what options you might have.

Are you in a position to take on a second, part-time job? The income from this job could be used to reduce your student loan indebtedness. Can you devote a tax refund, gift money, or inheritance to principal prepayment? Even infrequent payments of this sort will ultimately reduce your loan balance and save you both time (repaying the debt) and money (the interest on the debt).

Investigate different repayment options if you find yourself in financial difficulty. The federal government's income based repayment (IBR) program ties monthly student loan payments for federal student loans to discretionary income, with all debt being forgiven after a certain number of years. In addition, an extended repayment plan, where the loan term is extended more than ten years, can lower your monthly payment, though keep in mind you'll pay more interest over the life of the loan.

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