

## **Do Not Go Into Too Much College Debt Tool**

### **More than One Trillion in Student Debt**

From a recent documentary *Ivory Tower*, here are some statistics to consider.

Since 1980, state funding for higher education has been reduced by 40% while the cost of tuition has risen 230%.

In-state tuition covered by a Pell grant in 1977 was 116%, while in 2012 was 42%.

On March 24, 2014, total student loan debt in the U.S. has reached over 1 trillion dollars, larger than credit card debt in this country.

The average American student graduates a little over \$25,000 in debt.

Nearly half of college graduates under 25 were unemployed or underemployed in 2013.

Over half of student loans today are in deferment or default.

### **If No Debt, Aim for Lesser Debt**

While some have attained a college education without any debt (I recommend you try this approach), you can also aim for a limit to your debt.

In the documentary *Ivory Tower*, one student has over \$140,000 in debt after earning her Master's degree. Now, she is finding a hard time finding a job, and the creditors are calling. Many people are not aware that student loan debt is not excused in a bankruptcy.

Jean Chatzky, a financial advisor for over 20 years and author of *Money Rules: The Simple Path to Lifelong Security*, suggests a limit to student debt: "Don't borrow more for college than you expect to earn the first year out of school" (31).

What does this mean? Let's explore how this can help you.

First, understand that first year salary does not mean average salary.

Average salaries (or median incomes) are often not indicative of what starting salaries in any job will be.

<http://www.mynextmove.org/>

Instead, use the above federal government website to look at the low range of salaries (the bottom 10%) of any career you are interested in, so that you have more of an idea of what your starting salary will realistically be.

For example, once you find a career, find the box that states “Job Outlook,” and then click on “Local Salary Info.”

Then, choose the state or city you wish to work in. Whatever is in the Low category is more of what you would make in your first year.

For example, in the career Speech-Language Pathologist, you would need at least a Master’s degree or certification after a Master’s degree.

In Job Outlook, the average salary listed is \$70, 180.

This is not the beginning salary.

Clicking on Local Salary Info, you can choose Tennessee.

Here, you find the low salaries in Tennessee are \$40, 300, and \$44, 900 for the rest of the country.

You then do not want to borrow more than \$40,300-\$44,900 to attain this degree.

I would not feel comfortable with this amount of debt, so that is why we will focus on ways to avoid debt through work, scholarships, internships, and other possibilities.

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