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# 10 ways today's college students can lower their student debt

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Many students and their parents simply sign up for loans because they don't know what else to do. But there are options for making college more affordable. (Photo: Creativa Images/Shutterstock)

Every year, when families receive financial aid letters, they're shocked at what their students' colleges expect them to pay. Many students and their parents simply sign up for loans because they don't know what else to do. Former marketing consultant and college parent Debbie Schwartz saw this for herself when she consulted for a national student loan lender and realized how little guidance families received about the financial aid process and paying for college.

"Helping students manage their debt once they've graduated is much more emphasized than helping them avoid debt in the first place," she says. She founded her [Road2College](#) blog to help. (Full disclosure: I blog for Schwartz.)

Today's college students can't work their way through college like their parents did because costs have skyrocketed. But neither are colleges obligated to solve families' cash flow problems for them. By far, the best strategy to minimize debt on the front end is by searching for colleges that are affordable for your family. How? Here are some steps to take to get off on the right foot.

**Learn about 'expected family contribution' (EFC).** Your [EFC](#) is a measure of your family's financial strength based on factors like family size, kids in college, income and assets (not retirement accounts). As a starting point, learn what the federal government and colleges think your family can pay, as determined by financial aid forms — the application for federal student aid called [FAFSA](#), and for some private colleges, the [CSS Profile](#). Use the College Board's [EFC Calculator](#) to predict your EFC early. Even if you're not contributing to college, parent income must be reported. Most students are not deemed independent until age 24.

**Decide what you can afford.** If you haven't saved much (or at all) for college, creative thinking and reprioritizing may reveal spare cash. Stephanie Hancock, financial planner for Hancock Wealth Advisory and financial aid consultant with [College Aid Consulting](#), advises families to examine their budget to determine what can be reallocated from monthly paychecks and savings. Combined with a small student loan and possible grandparent help, you might have a feasible plan. A Parent PLUS loan can make sense for some families (usually with fewer kids). Research colleges' [tuition payment plans](#), which can take the sting out of a large bill. (My daughter's college offers an eight-month plan for a \$35 fee, for example.)



Colleges award different types of financial aid, from loans to scholarships to grants and work-study programs. Learn the difference between each one. (Photo: Mellimage/Shutterstock)

**Understand types of financial aid.** Colleges award different kinds of [financial aid](#), including "institutional" grants and scholarships, state or federal grants, federal loans and work-study. "Some colleges are very generous, others aren't at all," Hancock says. Usually, the best aid is institutional need-based grants or merit scholarships for grades, sports, or other achievements (also called gift aid) from the college itself.

Most public colleges have less institutional aid to offer than private colleges. Some highly selective private colleges award only need-based aid. Other colleges give combinations of merit scholarships and need aid. Make sure your student applies to colleges that fit her academic and financial profile. For example, a high-income student seeking a merit scholarship won't receive one from an ivy-league college because those schools award only need-based aid. [Outside scholarships](#) can help, but many colleges reduce aid by the amount of the scholarship because federal rules require it.

**Use net price calculators to determine affordability.** Most colleges are required to post a [net price calculator](#) on their website. Enter student data (test scores and grades) and parent/student income and assets, and the calculator will predict — roughly — your eligibility for financial aid. Even higher income families may qualify for need aid at a private college, so it's worth checking. Merit scholarships can be trickier to predict unless colleges award automatic scholarships for good grades.

**Hunt for generous colleges.** Hancock recommends Peterson's "How to Get Money For College" for its comprehensive college profiles. Consider state exchange programs like the [Western Undergraduate Exchange colleges](#). For a fee, Hancock evaluates families' college lists for the likelihood of receiving financial aid and also generates affordable college lists according to characteristics the student wants.

Schwartz and Michelle Kretschmar, founder of [DIYCollegeRankings](#), partnered recently to create [College Money Search](#), a service that also creates customized college lists. "We combine multiple sources of data to analyze a college's financial aid giving history and compare that against a student's academic profile and a family's financial situation," Schwartz explains.

**Live at home and commute.** If going away to college is beyond your budget, commuting to a local university may be the best option. Skipping the housing/meal plan portion lowers the college bill significantly.



Get your basic classes completed at a community college to save money, and then transfer to a four-year university to finish your degree. (Photo: Intellistudies/Shutterstock)

**Attend community college.** Take advantage of lower fees, and then transfer to a four-year college. Community college allows students to test higher education, and self-directed students usually do well. But Hancock has seen less motivated students languish for multiple years, so decide on the right path and help your student form a plan of action.

**Earn college credit with high school classes.** Many high schools offer advanced placement (AP) classes, and many colleges offer credit for high scores on AP tests. Rules and requirements vary from college to college, but your student might be able to skip general education courses and graduate a semester early, saving on tuition fees. (Just be sure they don't overload on AP classes in high school and fall apart.)

**Work in college.** To offset the cost of books, personal expenses and travel, students should get a part-time job or campus work-study job if they received federal work-study funds. Buy used textbooks or rent them. Use [Slugbooks.com](#) to compare prices from a variety of sellers.

**Be choosy about student loans.** Student loans aren't evil, and accumulating some debt is fine. But Hancock says many families mistakenly believe students can borrow as much as they need for college. However, the federal government limits federal lending for undergraduates. First-year students can borrow just \$5,500, sophomores \$6,500, and juniors/seniors \$7,500 apiece. To borrow more, students must apply for private student loans, which parents must co-sign. Evaluate whether private loans will be too much for your family.

**More resources to consider**

College resources abound. To start understanding the process early, I recommend the following materials:

- "Right College, Right Price" by Frank Palmasani
- Princeton Review's "Paying for College Without Going Broke"
- [The College Solution](#)
- [Colleges that Change Lives](#)
- [College Navigator](#) from the National Center for Education Statistics

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