

# EDUCATION

## RETHINK THE REFUND

By Brooke Vann

College graduation is a very exciting day, but just a few months after that happy day most graduates will get a slap in the face by reality.

Time to start paying the bills.

"We haven't been really talked about all the loans and everything that's going to happen once we're finished with school yet," said LaShawn Best, a Fayetteville State University junior, who, like many students, just doesn't think about the loans.

When asked if Best even knew how much he is going to have in loans, his response was, "No, I have no idea."

It is typical for students at universities nationwide to ignore the cost of a loan or the idea of paying it back, until they're about to graduate. With tuition increasing all the time, borrowing is a "necessary evil" for many students.

Last year, students took out \$117 billion in new federal loans, pushing the total above \$1 trillion, according to the Consumer Financial Protection Bureau. "In these tough times, a college degree is still your best bet for getting a job and decent pay," said Theresa "Raey" Walker, FSU student, as well as financial consultant. "But, as debt levels rise, fear of loans can prevent students from getting the education they need to succeed."

But Walker said she doesn't believe college loans are the reason people are in debt.

"It's the rising cost of tuition and not hav-

ing enough jobs available after college."

Other students such as Best, however said that heavy student-debt load weighs on decisions about careers.

"I don't think everyone should be choosing a job based on whether or not their income will be high enough to pay of student loans," Best said.

DeOndra Simmons, FSU student service specialist, suggested that students explore all forms of financial aid before resorting to a pile up of student loans. Forms of financial aid include grants and scholarships (which you don't have to repay), loans (which you do have to repay), and work-study (which helps you pay for college out of your earnings).

Simmons also provided a detailed explanation of different loans available to students. The following conversations with Simmons is provided in a Question and answer format

**Q:** What's the difference between Direct Subsidized Loans and Direct Unsubsidized Loans?

**A:** In short, Direct Subsidized Loans have slightly better terms to help out students with financial need.

Direct Subsidized Loans are available to undergraduate students with financial need.

Your school determines the amount you can borrow, and the amount may not exceed your financial need.

For a subsidized loan, the U.S. Department of Education pays the interest for the first six months after you leave school (referred to as a grace period), and during a period of deferment (a postponement of loan payments).

**Direct Unsubsidized Loans:**

Direct Unsubsidized Loans are available to undergraduate and graduate students; there is no requirement to demonstrate financial need. For an unsubsidized loan, you are responsible for paying the interest during all periods.

If you choose not to pay the interest while you are in school and during grace periods, your interest will accumulate.

**Q:** How do I apply?

**A:** To apply for a Direct Loan, you must first complete and submit the Free Application for Federal Student Aid (FAFSA). Your school will use the information from your FAFSA to determine how much student aid you are eligible to receive.

Students also have repayment options once they graduate, Simmons said. Sallie Mae offers an income-based repayment (IBR) plan can help borrowers manage their student loan payments. The IBR program allows eligible federal student loan customers experiencing financial difficulty to pay their monthly bill at 15% of their unrestricted income.

Simmons stressed that students borrow ONLY the minimum that they need to get through school, instead of taking out more in order to receive a refund check.

### Price Check

How much are estimated student loan payments for \*FSU?

The next set of figures depict costs for a student loan if you borrowed \$14,692, the estimated average net price for a four year degree.

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