

Student Loan Repayment Strategy Builder

Chapter 7.5: Understanding Student Loans

Introduction

This worksheet will guide you through developing a comprehensive student loan repayment strategy based on your educational plans, career goals, and financial situation. Having a plan before you borrow can help you make informed decisions about education financing and ensure that your student loans remain manageable after graduation.

TIP: Regularly revisit and update your repayment strategy as your educational and career plans evolve. The most important time to develop this strategy is before you take out your first student loan, but it should be reviewed annually while in school and whenever your circumstances change.

1 Education Pathway Analysis

Describe your educational plans and the estimated costs. Consider different pathways to achieve your career goals.

Selected Education Pathway:	
Institution Name:	
Degree/Program:	
Program Length:	
Cost Per Year (tuition, fees, housing, etc.):	\$
Total Program Cost:	\$

Alternative Pathways Considered:

2 Career and Income Projections

Research and document the career field you're targeting and the expected income after graduation.

Target Career Field:	
Expected Entry-Level Salary:	\$
Expected Mid-Career Salary (10 years):	\$
Sources for Salary Research:	

Return on Investment (ROI) Analysis:

Total Education Cost:	\$
Years to Recoup Education Costs:	
Is this ROI reasonable?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Maybe

ROI Calculation: A simple way to estimate this is to divide your total education cost by your annual salary gain compared to having no degree. For example, if your degree costs \$80,000 and increases your annual salary by \$20,000, your ROI period would be approximately 4 years.

3 Funding Analysis

Determine how much of your education costs will be covered by various sources, including how much you'll need to borrow.

Funding Source	Amount Per Year	Total Amount
Personal Savings	\$	\$
Family Contribution	\$	\$
Scholarships (Merit-Based)	\$	\$
Grants (Need-Based)	\$	\$
Work-Study/Employment During School	\$	\$
Other Non-Loan Sources	\$	\$
Total Non-Loan Funding	\$	\$
Amount Needed in Loans (Total Cost - Non-Loan Funding)	\$	\$

Borrowing Guideline: Financial experts generally recommend that your total student loan debt at graduation should not exceed your expected first-year salary. If your projected borrowing exceeds this guideline, consider ways to reduce costs or increase non-loan funding.

4 Student Loan Plan

Based on the amount needed in loans, develop a detailed borrowing plan that prioritizes federal loans before considering private loans.

Loan Type	Annual Amount	Total Amount	Current Interest Rate
Direct Subsidized Loans (federal)	\$	\$	%
Direct Unsubsidized Loans (federal)	\$	\$	%
Parent PLUS Loans (federal)	\$	\$	%
Private Loans (specify lender)	\$	\$	%
Total Borrowing	\$	\$	

Borrowing Strategy Notes:

5 Repayment Plan Selection

Based on your projected borrowing and future income, select appropriate repayment plans for your student loans.

Federal Loan Repayment Plan:

- Standard Repayment (10 years, fixed payments)
- Graduated Repayment (10 years, payments start low and increase)
- Extended Repayment (up to 25 years)
- Income-Based Repayment (IBR)
- Pay As You Earn (PAYE)
- Revised Pay As You Earn (REPAYE)
- SAVE Plan (Saving on a Valuable Education)
- Public Service Loan Forgiveness (PSLF) track

Reasoning for Selected Plan:

Private Loan Approach (if applicable):

Note: Income-driven repayment plans can be beneficial if you expect a lower starting salary relative to your debt. However, they may result in paying more interest over time. Standard repayment minimizes total interest paid but requires higher monthly payments.

6 Post-Graduation Budget Analysis

Project how your student loan payments will fit into your post-graduation budget.

Projected Monthly Gross Income:	\$
Estimated Monthly Take-Home Pay:	\$
Estimated Monthly Student Loan Payment:	\$
Student Loan Payment as Percentage of Take-Home Pay:	%

Other Major Monthly Expenses (estimated):

Housing (rent/mortgage):	\$
Transportation:	\$
Food:	\$
Utilities:	\$
Insurance:	\$
Other Essential Expenses:	\$
Total Essential Expenses (including student loans):	\$
Remaining for Savings and Discretionary Spending:	\$

Budgeting Guideline: Financial experts typically recommend keeping student loan payments below 10-15% of your monthly income to maintain a balanced budget that allows for other financial goals.

7 Strategies to Minimize Borrowing and Accelerate Repayment

Identify specific actions you can take before, during, and after school to minimize borrowing and pay off loans faster.

Before School:

During School:

After Graduation:

Strategy Ideas:

- Make interest payments while in school (even on unsubsidized loans)
- Apply for additional scholarships each year
- Consider working part-time during school
- Use tax refunds, bonuses, or gifts to make extra payments
- Consider loan forgiveness programs if you work in public service
- Explore employer student loan repayment assistance benefits
- Refinance private loans after graduation if you can qualify for lower rates

8 Contingency Planning

Plan for potential challenges that could affect your ability to repay your student loans.

What if you can't find employment immediately after graduation?

What if your income is lower than expected?

What if you need to change career paths?

Federal Loan Protections: Federal student loans offer deferment and forbearance options for economic hardship, as well as income-driven repayment plans that adjust your payment based on your income. Private loans typically offer fewer protections, which is why they should be considered only after exhausting federal loan options.

Repayment Strategy Summary

Summarize your overall student loan repayment strategy based on your analysis and planning.

Final Tip: Remember that this is a living document that should be updated regularly as your educational plans, career goals, and financial situation evolve. Review it at least once a year and before taking out any additional student loans.