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## Federal Student Loans: How Much Should You Borrow?

Student loans provide the money you need to pay college costs and earn a degree. A college education is one of the most important financial investments you can make. Research has proven that college graduates earn more over their lifetimes than do those with only a high school diploma. Moreover, college graduates are less likely to be unemployed and are more likely to be in better health and active in their communities.

In order to start the process of applying for Federal student loans, you need to fill out the [Free Application for Federal Student Aid \(FAFSA\)](#). Once you have applied for Federal financial aid through the FAFSA form, you will receive an award notification (or an “award letter”) from your institution that provides information about the financial aid (including loans) that you may be eligible to receive. After reviewing your award notification to make sure all the information it contains is correct, you will have to determine how much to borrow.

### Here are some tips to consider when borrowing:

- Your institution’s financial aid office is there to help you and can provide advice that will help you determine the amount you **need to borrow**.
- You don’t have to borrow the full amount shown in your award letter.
- Consider your full financial situation – education costs and financial aid awarded – before deciding how much you need to borrow.
- **Do the math.** Numerous organizations offer “Student Loan Calculators” to help you estimate what your approximate monthly student loan bill will be upon entering repayment. For example, the College Board has a student loan calculator available free-of-charge at <http://www.collegeboard.com/student/pay/add-it-up/401.html>.
- Make your money go farther by reducing the amount you spend on things you “want” but don’t necessarily “need” while you are enrolled in college.
- Explore scholarship opportunities and other types of financial aid – including institutional aid and Federal campus-based aid – with your institution’s financial aid officer.
- After exhausting scholarship and grant options, be sure to use all eligibility for Federal student loans before taking out private educational loans.
- Talk with your institution’s financial aid officer before taking out an additional loan(s) if you need to borrow more money than has been offered in your award letter.
- Keep in mind that you **must** repay your loan even if you don’t complete your education, didn’t like the education you received, or can’t get a job after you complete school.