



Money Management

Student Loan Repayments Come Knocking—Answer The Door!

by Don Taylor

(NAPSA)—And so it begins—you're an adult and in charge of your future. After graduation last spring and six months of transition time, it's time to take on the responsibility of starting to make payments on your student loan(s). Determine how much you owe on your student loan(s) and your monthly payment. Prioritize how you spend your income. Discretionary spending, like eating out, takes a backseat to paying your bills.

Put together a spending plan. List your monthly income and how you're going to spend the money. Housing, food, utilities, student loan payments, car and credit cards are all mandatory spending items. Pay rent and utilities before you pay your loans, but the loans still need to be paid before buying lattes.

If you still have money left to spend, you have choices. An emergency fund should come first because that provides the financial cushion against uncertainty in your life. Then decide between additional student loan payments and your discretionary spending.

Graduates have a lot of competing claims on their income: a new car, a place to live and furnishing that place. Look at ways to economize to free up income. Buying a used car and buying furniture at a consignment shop can save hundreds of dollars.

Your student loan payment history gets reported on your credit report and is used to calculate your credit score. A credit score will influence your ability to get



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other forms of credit as well as auto insurance, and could even impact a job search. Your goal should be to always make your student loan payments in full and on time. Consider making your student loan payment electronically. Some lenders like Sallie Mae may even offer an interest rate reduction if you sign up for automatic debit.

Don't panic if you can't figure out how you're going to make your loan payment. Talk to the lender about your situation and discuss whether the loan offers alternative payment plans or temporary options to postpone payments that you can use to give yourself some breathing room, but then as soon as feasible, resume making regular payments to avoid extra expense.

Don Taylor is a CFP® professional who teaches at Penn State University and writes a daily personal finance advice column for Bankrate.