

How to Minimize Student Loan Debt

SUBMITTED BY: Brian Page

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ NBEA STANDARD(S):

- Personal Finance, I. Personal Decision Making
- Personal Finance, III. Managing Finances and Budgeting
- Personal Finance, IV. Saving and Investing
- Personal Finance, VII. Using Credit

≡ RELATED ARTICLES:

- [“When It Comes to Student Loans, It Pays to Finish Your Degree”](#)
- [“The Rising Costs of a U.S. College Education”](#)
- [“The Ins and Outs of Interest – from a Student Loan Survivor”](#)
- [“The College Investment: Will It Pay Off?”](#)
- [“Preparing Students for the Hard Reality of Post-college Debt”](#)
- [“Paying for College: Why the Money Issue Is a ‘Big, Big Deal’”](#)
- [“Is It Time to Take a Second Look at Community College?”](#)
- [“FAFSA Survival Strategies”](#)
- [“College Decisions Sometimes Require Sacrifice”](#)
- [“10 Truths about Student Loan Debt”](#)

JUMP\$TART NATIONAL STANDARD: Credit and Debt, Standard 1

CEE NATIONAL STANDARD: Using Credit, Standards 1, 3 and 8

COMMON CORE STATE STANDARD: CCSS.ELA-Literacy.RST.9-10.4 CCSS.ELA-Literacy.RST.11-12.2

CONTENT STATEMENT: Students will investigate strategies and resources to minimize student loan debt.

ESTIMATED TIME: 100 minutes

MATERIALS NEEDED: Projector; Student computers with Internet; [College Grad Budget Template](#) (Included); [How to Minimize Student Loan Debt Worksheet](#) (Included); [Student Loan Resource Bank](#) (Included); [Scenario Guides](#) (Included); Calculators

KEY VOCABULARY/TERMS: financial need, subsidized loan, unsubsidized loan, Direct Loan, federal Perkins loan, private loan, PLUS loan

WHY THIS MATTERS TO YOU NOW: Many teens are facing one of the greatest financial decisions of their lives, deciding how much money to borrow to attend college.

1. Use the Consumer Reports video [America's Student Debt Crisis](#) to introduce students to the post graduation challenges of over-borrowing to attend college.
2. Introduce the students to the problems young adults face after graduating high school, using four different and realistic scenarios.
 - Divide the classroom into four groups. Each group will assume one scenario. Students need access to computers.
 - Distribute the Scenario Guides, Student Loan Resource Bank, and College Graduate Budget Template. Project and briefly review each resource.
3. Students will fill in the budget templates based on the information in the assigned scenarios.
4. Distribute and require each student to complete the How to Minimize Student Loan Debt worksheet. Teacher notes:
 - Always fill out the FAFSA – the sticker price may not be your price.
 - Prioritize aid packages with grants and scholarships, as both do not need to be paid back.
 - Explore all federal loan options before pursuing private / unsubsidized loans.
 - The higher the interest rate, the more expensive the loan will be for the borrower.
 - Consider other colleges if your aid package doesn't cover the full cost of college.

5. Through classroom discussion, each group shares their findings, in particular the importance to recognize that college is an investment in yourself, the impact of their scenario's student loan debt on the young adult lives, and discusses strategies and resources that aid in minimizing student loan debt, as well as the opportunity cost of student loan debt in their scenario.

HOMEWORK / FURTHER EXPLORATION: Assign any of the following Wharton Global Youth Program articles to read and discuss in class; encourage students to express their views in the commenting section:

1. [Zina Kumok's Guide to Smart Student-loan Liftoff](#)
2. [The College Investment – Will it Pay Off](#)
3. [Smart Money – and College – Decisions Sometimes Require Sacrifice](#)

OPTIONAL: Require students to save the resources provided in the resource bank in an class portfolio so they can be used when they are working through the college selection and student loan process as high school seniors.

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