

Quaker Oats Credit Union

3 Tips for Reducing College Debt *After* Graduation

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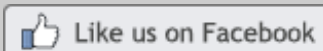
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Last month we talked about ways you can prepare and save for college while you're in school. This month we'll conclude our



three-part series on college debt by looking at things to do after you graduate.

After college

Even if you earned grants and scholarships and worked part-time during college, it can still be difficult to avoid taking out any student loans. Once you leave school, it's important to have a plan in place to pay off your loans and avoid defaulting. Depending on your career path, it might be possible to find work that allows you to cancel some of the balance on your loans.

Below are 3 steps you can take to keep debt down after graduation.

1) Pick your repayment plan

The federal student loan program offers a variety of repayment plans designed to reduce some of the strain of making monthly student loan payments. Under the standard repayment plan, you pay a fixed amount each month so your loan is paid off in ten years.

However, a variety of income-driven repayment plans determine your monthly loan payment based on your income. If you're not earning much right out of school, income-driven repayment plans can help make your payments more manageable in the short term - though you may end up paying more over time.

2) Look into forgiveness programs

The federal loan program also has a number of loan forgiveness programs, meaning you no longer have to pay your loans after a certain amount of time, provided you meet certain

requirements. Not every loan is eligible for forgiveness, and it often takes several years before you qualify. Generally, forgiveness programs are available to people who work in nonprofit settings or in areas that focus on improving the greater good.

Here are several available programs:

- Teacher loan forgiveness - this program is open to people who first took out loans after October 1998. To qualify for forgiveness, you need to teach full-time in an elementary or secondary school for at least five consecutive years. The school you work at must serve low-income students, qualify for Title I funding, and be listed in the Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits.
- Teacher loan cancellation - if you have a Perkins loan, up to 100% of your loan balance can be canceled, meaning you don't have to pay it back if you teach in a low-income school, teach special education, or teach a subject in which there is a shortage of teachers, such as math, science, or a foreign language. You need to teach full-time for one full academic year to qualify.
- Public service loan forgiveness - if you have a public service job (such as working at a nonprofit or government organization) for 10 years and make 120 on-time payments of your federal direct loans, the remaining balance on your loans can be forgiven. Your loans must be on a qualified repayment plan, including income-driven plans and the standard repayment plan.
- Other Perkins loan cancellation options - if you have Perkins loans and participate in certain public service activities or work in certain occupations, some of your loan balance can be canceled for each year of service

3) Work a side job

If you want to get out of debt quickly, but aren't earning a lot at your primary job, one option is to get a side gig to boost your income. It can be anything from knitting and selling crafts on Etsy, to working a few shifts per week at a clothing store in the mall. As long as the income from your full-time job is enough to pay your bills and add to your savings, you can put all of the income from your side job toward your student loans.

Source: www.moneycrashers.com

