

How To Manage Student Loan Debt

Paying off student loan debt can be a long, complicated, and often difficult process. The best thing you can do is confront your student loan debt as soon as possible and make a long-term plan for paying it off. Following are a few steps to guide you through the repayment process and manage student loan debt.

*Mason Blevins,
Premier Services
Market Manager*

Pay off higher-interest-rate loans first

The first thing you'll want to do is ensure you're making bigger payments on the loans with the highest interest rates first. By paying off the most expensive loans first and reducing the average interest rate on your student loan debt, you'll end up saving more money.

If you have private loans in addition to federal loans, start paying off your private loans first. They usually have higher interest rates and lack the flexible repayment options and other protections of federal loans.

Use an automatic-debit program

Automating your payments can eliminate the possibility of late fees and missed payments. Providing the loan servicer with the routing number of your institution and your bank account number authorizes the lender to withdraw your student loan payment from your account each month. It also ensures your payments are always on time.

What's more, lenders often grant a discount on your student loan interest rate for setting up automatic payments. While it may only be a small amount, that fraction of a percentage point can really add up over time.

Pay extra money whenever possible

If you can afford to pay more than your required monthly payment, you can lower the amount of interest you have to pay over the life of the loan. In general, there's no penalty for paying more than the minimum. You can make an additional payment at any point in the month. However, when you pay extra, make sure the loan servicer is applying it to your current balance, not next month's payment.

Furthermore, when you acquire extra income, such as a raise, a bonus, or a refund on your taxes, you should allocate a portion of this found income to your student loan debt.

Opt for a bi-weekly rather than a monthly schedule

You can elect to pay half of your payment every two weeks instead of making one full payment monthly. By opting for a bi-weekly schedule, you'll make an extra payment each year and, in turn, reduce the term of your repayment schedule and save money on interest costs.

Deduct your student loan interest

Once tax season rolls around, don't forget to deduct your student loan interest. You can reduce your taxable income by up to \$2,500 on any interest you've paid for that tax year and apply it to your student debt. Your lender should send you this information, but you can also request it or get it online.

The deduction doesn't apply universally to all student loans, so be sure to [check the IRS regulations](#) to see if your loan qualifies.

The Path to Reducing Your Debt

[Repaying your student loans](#) can get complicated, and your plan will likely evolve as your situation changes. By being proactive and making a plan of attack, you will reduce your debt quicker and more effectively. For more information on how to form good money management habits and manage student loan debt, contact our Premier Services team today at (214) 304-2648.