

Tips To Help Pay Off Your Student Debt!

 wiseinvestments.ca/student-debt/

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Student loans are pesky. Considering the amount of post-secondary education costs, it is almost a necessity to take out these sorts of loans! For some students, each year can cost over \$8,000. This is why everyone should have a plan on how they're going to pay these loans back. However, there are many people who didn't devise a plan on paying back their loan until after. Fear not, this does not change the fact that you can put yourself on the fast track to paying off your student debt!

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Understand The Terms Of Your Loan

The first step to paying back or taking any loan is to understand it. Understanding a student loan has many steps. This is because these loans are often different from the ones you get from the bank. In order to understand your loan, you need to figure out the length of the loan, interest rates, and any penalties. Some of these loans can have an interest rate of over 20%! This is why learning all of this beforehand can be quite the advantage. This is because if the loan is not worth the long repayment time, you could always find employment that can pay your tuition off while you're in school!



Create A Plan For A Set Amount Of Years

A video thumbnail featuring a man with glasses and a beard, looking thoughtfully to the right. Overlaid on the left side of the image is white text in a bold, sans-serif font, arranged in four stacked boxes: "HOW I PAID OFF", "\$97,000 IN", "STUDENT LOANS", and "IN 4 YEARS".

<https://youtu.be/beMqpOSPp9I>

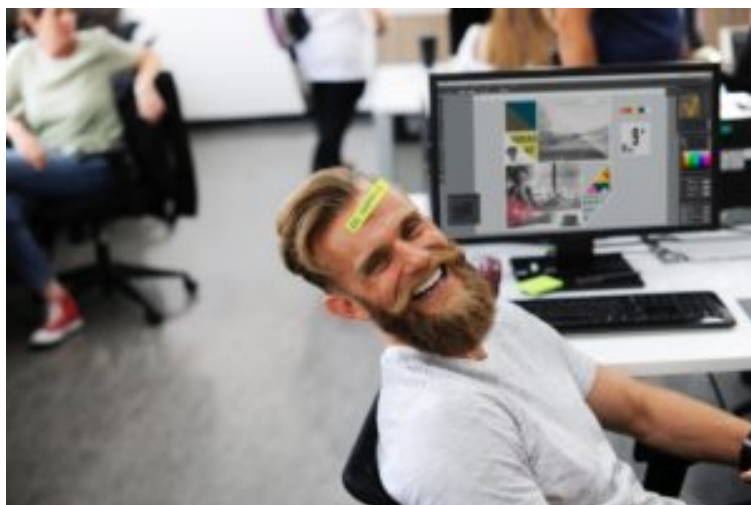
These student loans can have ridiculously long payback periods, some spanning over a decade! Although you can definitely use this full amount of time to pay back the loan, it is not recommended. This is because the longer that you take to pay off a debt, the more interest you'll pay overtime. However, if you have an open payment loan, you'll be able to

pay it back in half the amount of time! This means that you'll pay far less in interest than you would if you waited out the full term! Obviously, this is not an easy plan. This is why you must create a timeline that is relatively quick but realistic!

A good time frame to aim for is $\frac{1}{3}$ – $\frac{1}{2}$ the original time! This means if your loan term is 10 years, aim to complete it in 3-5 years! However, before you do this, you'd need to see how much you'd be paying monthly to be able to pay your debt off in 5 years. If the amount is doable, then I say go for it! (Example: \$20,000 in 60 Months/5 Years is approximately \$333 a month!) A great read that will help you progress further in your road to student debt freedom is [Student Debt 101](#) By Adam Minsky

Work, Work, Work

The next step is fairly obvious, work. Whether your goal is to pay your tuition by working off your loan, you'll want to get a job as quick as possible. The faster you start earning money, saving, and paying back your student loan, the better. Although, this may be a tad difficult when you're in school full-time. However, it is definitely worth it. I personally know people who are in their early-mid 30s and are still paying back their school loans!



This is not a debt you want hanging over your head. Not to mention, if you have this student loan outstanding, you may be denied for other loans and finances! This is not always the case but it is something that can definitely happen! Therefore, work as much as you can, save your money and apply a good amount towards your student loans.

Find Out About Repayment Assistance Plans

The amount of people who do not know that these kinds of services exist is utterly staggering. I was surprised to find out about it as well. However, I was quite lucky because I was able to take advantage of this before I made my first payment! There are many different types of plan and they vary from state to state!

Studentdebtrelief.us outlines a plethora of different programs that can allow student debt forgiveness! However, here in Canada, we have something called a Repayment Assistance Plan! I'll do a quick rundown but you can find more information [here](#).



RAP works in two particular stages, interest relief and debt reduction. Interest relief is pretty simple. When it is time for you to pay back your loan, you'll have a set amount to pay back towards your principal amount. This is determined by your family, income, and interest. If you qualify for RAP, you will be allowed to pay a more affordable amount. The interest is then covered by the government of Canada! The second stage is debt reduction, which happens after stage 1 is complete. This stage is similar to the last. However, instead of the government paying back just the interest, they'll pay everything that your affordable payment does not cover. This means that you'll have your debt paid off in a maximum of 15 years! Here is an example from the [OSAP](#) website:

Example

"Ben's required monthly payment on a Canada-Ontario Integrated Student Loan is \$400. Of this amount \$150 is interest and \$250 is principal. Ben's affordable payment is \$0.00. Therefore for this term of Stage 2 approval, the governments of Canada and Ontario would pay a total of \$250 per month toward the principal amount of the loan and \$150 toward the monthly interest. Ben could re-apply for RAP Stage 2 after the term."

Budget Your Lifestyle

This one kind of goes without saying. You're going to want to live well within your means. Furthermore, this means you're going to want to stop doing those weekly/monthly shopping trips to the mall. A lot of people have the mentality of "I know it's there but I'll deal with it later" and that is not the correct attitude you want.



Focus on what you need, I promise it'll pay off. This is because once you've relinquished that huge debt hanging over your head, you'll feel much more comfortable buying the things that aren't a necessity. Budgeting has been covered on this website many times! For a more in-depth perspective visit [5 Ways You Can Save Your Money](#) & [8 Ways To Eat Healthier On A Budget!](#)

Consider Refinancing

Student Loans Consolidation and Pay off

Fed Subsidized (Unsubsidized)	4.66%
Fed Unsubsidized	4.66%
Fed Unsubsidized Graduate	6.71%
PLUS Loans	8.25%
Grants/Scholarships	

<https://youtu.be/zLSRZeQ9BYU>

If the cost of paying your student loans becomes too much, there is the option of refinancing. This can be done at different banks and it may help you acquire a lower interest rate! Student loans usually come with an extremely high-interest rate due to it being non-secured. The amount of interest that you receive on the refinance can vary. However, the interest rates can be fixed or variable. It is worth mentioning that there are benefits and disadvantages. However, with services like OSAP, you're able to get grace periods if you're not making enough income. Keep these things in mind before refinancing! Above, BeatTheBush explains consolidating your debt!