

College Costs

Get ready for college with **Peterson's** blog

It's more than just numbers and student loan tips. You won't realize it until you **check it out**

A THREE-STEP GUIDE TO GAINING KNOWLEDGE AND POWER AS YOU **SIZE UP STUDENT LOANS**

↓ ↓ **START HERE** ↓ ↓ ↓

--- STEP 1 ---

GETTING STARTED ON THE **RIGHT TRACK**

Studies show that most students sign up for loans and aid without even realizing what they are getting themselves into.

One study asked students to 'guesstimate' the financial side of college. It didn't go well for the students.

How much does college *really* cost?

ACCURATE	UNDERESTIMATED	OVERESTIMATED	DIDN'T KNOW
52%	25%	17%	7%

What's your total amount of debt?

ACCURATE	UNDERESTIMATED	OVERESTIMATED	DIDN'T KNOW
38%	19%	28%	16%

Source: Brookings Institute ↑

Planning on borrowing isn't enough

It may seem like student loans are straightforward transactions, but there are a lot of details to follow up on to make sure you're getting a good deal. The key is knowing how much to borrow. And when you'll have to pay it back, how much you'll have to pay back and all those seemingly simple details that others overlook.

--- STEP 2 ---

UNDERSTAND HOW **DETAILS MATTER**

How do the details affect your loan? Here's just one example of how the 'little' things matter more than you may realize.

The Situation:
We wanted to look at how fees, rates and other factors impacted student loans. So we ran the numbers.

TOTAL BORROWED \$25,500

During School

When you Graduate

After Deferment

Over the first year of payments

	Loan A (NO ORIGINATION FEE - FIXED RATE)	Loan B (-2% ORIGINATION FEE - VARIABLE RATE)
During School	\$1,147.50 IN INTEREST	\$510 (extra) W/ ORIGINATION FEE
When you Graduate	\$30,090 NEW BALANCE	\$32,130 NEW BALANCE
After Deferment	\$305 MONTHLY PAYMENT	\$325 W/ NEW INTEREST RATE
Over the first year of payments	\$2,166.69 PAID OFF IN YEAR 1	\$251.30 MORE IN INTEREST ACCRUED \$230.33 LESS IN PRINCIPAL BALANCE PAID

The numbers in this panel are based off of [the following simulation](#)

--- STEP 3 ---

STAY THE COURSE

Once you're done with school, there are still a lot of fine details to hammer out besides 'pay it all back.'

But to get to that point, you have to first understand what comes once you finish college and begin the repayment phase.

DID YOU KNOW?

- Only **7.9%** of respondents in a study knew the current interest rate they were paying on student loans
- That's still higher than the **6.1%** who knew their terms of repayment
- Out of every **100 students** in the survey, only 2 knew whether interest accrued during school/periods of deferment

Source: LendEDU ↑