**Ghostwritten Article |
All Good Things Must Come to an End**

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**All Good Things Must Come to an End: Preparing to Resume Student Loan Payments**

In April 2020, we had a client whose company started doing layoffs after leadership realized the severity of the global pandemic.

She looked around at her team and realized she was the most logical person to go. So she created a plan. She decided to apply to graduate school and pursue a different path. She enrolled in a master’s program and waited for her turn to be let go.

But she didn’t let go. However, she still pursued her degree, taking on additional student loans to finance it.

She wasn’t alone in taking on more student loan debt during the pandemic, according to GoBankingRates. GoBankingRates reported that during the student loan payment pause that started in March 2020, student loan borrowers got into an average of $1,500 additional student loan debt during this period, and an average of $1,800 additional credit card, mortgage and car loan debt.1

But we always like to look at the bright side of a situation. Even though our client took on additional student loan debt, and even though that loan was unsubsidized, she didn’t accrue any interest on it during the student loan payment pause, which relieved her of the interest that she would have had to pay had the freeze on payments and interest accrual never happened.

However, that relief from interest accrual and student loan payments, like all good things, is about to come to an end this month. And if you haven’t already, it’s time to start planning how to incorporate those payments many of you may have gotten used to not paying back into your budget. CNBC reports that when payments resume, it will be an adjustment for the 40 million Americans who have education debt.2

But not to fear. We’ve likely already talked about your student loans and other debt during our discovery and check-in meetings, but a little general review and overview never harmed anybody. So let’s get into it.

**Know Your Loans**

It might have been some time since you logged into your student loan servicer’s website. The first step is to do that to know exactly what you owe and when you are set to resume payments. Just because the pause ends on August 29 doesn’t mean that’s when your payment due date is. Check with your servicer for the specific date you need to start making payments.

Back to our client – her servicer is Nelnet. Upon logging in, was able to glean that her payment amount will be an estimated $400 a month and she has three different loan groups with three different interest rates. Her payment start date isn’t until January 2024.

After you log in to your own servicer, note that information for you – how many individual loans you have and if they are grouped together, what their different interest rates are, when your repayment date is and your estimated monthly payment.

**Know Your Baseline**

After you know the ins and outs of your loans, it’s time to figure out where you are financially. Take a week and track your spending. NerdWallet recommends doing this by pulling your bank and credit card statements and then separating your expenditures in three different areas: needs (expenses you must pay every month), wants (entertainment, clothes shopping, random stuff from Target) and savings and debt repayment (what you put in savings every month and how much you pay in extra debt payments).4

Once you get a handle on how much you’re spending in each of those categories, you can figure out the discretionary items in the wants category that you can eliminate in order to fit in your student loan payment.

You can also look to your “needs” column to see if some things are coming off your plate. For example, our client will finish paying off her car loan (which is roughly $400 a month) at the end of this month. There’s her student loan payment right there!

Then identify all your income sources and how much you bring home every month.

**Address Any Discrepancies**

After you’ve combed through your spending and categorized the different expenditures, add them all up and subtract that from your current take-home income. You can use this number to figure out if you can afford to pay the potential payment amount from your student loan servicer without making any adjustments.

If you can’t, then determine which expenditures in the “wants” bucket can go (we know those trips to Target are hard to kick). Try to trim the same amount from the “wants” bucket as your estimated monthly student loan payment will be.

If there is still a discrepancy, you can explore some side gigs (like Doordash or Uber Eats) or contract work (like freelance writing or consulting) to supplement your income and pay down your student loan debt.

**The Thaw Doesn’t Have to be Scary**

The student loan payment freeze coming to an end might seem overwhelming, but with the right preparation and planning, it doesn’t have to be. By understanding all your options and planning ahead, you can ensure that when your payments resume, you will be ready to make them on time and in full.

If you’re feeling concerned, or just want to go over your student and overall debt-management plan, give us a call. We can look at your budget and figure out a solution. Together, we can ensure your financial future remains bright.

**Sources**

1. <https://www.gobankingrates.com/loans/student/student-loan-pause-helped-push-americans-into-debt/>

2. <https://www.cnbc.com/2023/06/20/its-official-student-loan-payments-will-restart-in-october.html>

3. <https://www.nerdwallet.com/article/finance/tracking-monthly-expenses>

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