



Tackling Student Loan Debt: A Challenge for Most Americans

Student loan debt is one of the most significant aspects of contemporary American financial life. According to The Economist, total U.S. student loan debt surpassed \$1.2 trillion in 2014, and over 7 million borrowers are in default. There are approximately 44 million people with student loans who have an average outstanding loan balance of **\$37,172**.

Student loan debt now exceeds auto loans and credit cards as America's largest personal debt burden.

Why the sudden increase in debt? It's because the cost of education has gone up exponentially. According to a study by the National Center for Education Statistics, over the past three decades the cost of a college degree has increased by more than 1,000%. States have cut their education budgets for public universities, and this has shifted the cost burden onto students and borrowers. If student debt had stayed constant with inflation since 1992, graduates would not be facing the same student loan burdens today.

So if you or someone you love is struggling with student loan debt, the good news is you are not alone. Better yet, there are options to deal with it. Here at GreenPath, we strive to guide you through the various aspects of financial wellness, and student loan debt is no different.

Here are some proven strategies we've discovered for taking student loan debt head on:

1. Pay more than your monthly payment

If you can afford it, the simplest way to start chipping away at your student debt is to make more than your required monthly payments. It doesn't have to be a crazy amount extra. Start out paying an extra \$20 each month, and slowly increase that number over time. That way, you create a habit out of paying extra, and ultimately get to a place where you are making a serious dent in your debt.

2. Consolidate and refinance

In recent years, consolidating and refinancing student loans through private lenders has become more and more popular. Many of these private lenders offer attractive interest rates, particularly for people with graduate student loans, which can significantly decrease monthly loan payments. However, keep in mind by transferring your federal debt to a private lender, you are reducing your options of forbearance and income-based debt repayment, among other benefits.

3. Apply your raises

If you get a raise at work, start applying 50% of that raise directly toward your student loan debt. You can do this by setting up a savings account that is specifically for debt repayment, or by paying extra on your monthly payments. Either way, this strategy enables people to benefit from increases in income while also paying off debt faster.

4. Set up automatic payments

Automatic payments take all the guesswork out of student loan repayment. They also eliminate the possibility of missed payments, fees, and unnecessary interest charges. By automating your student loan payment around the time of your paycheck, you also help ensure that your spending stays in line with your budget. Additionally, many loan providers offer a 0.25% discount on your interest rate if you sign up for automatic payments.

5. Pay every two weeks

Rather than paying monthly, try splitting your monthly payment in half and paying that amount every two weeks. This not only eases the pain of each payment, but by following this strategy, you end up paying the equivalent of an extra monthly payment each year. Over time, this can shave years off of your debt repayment.

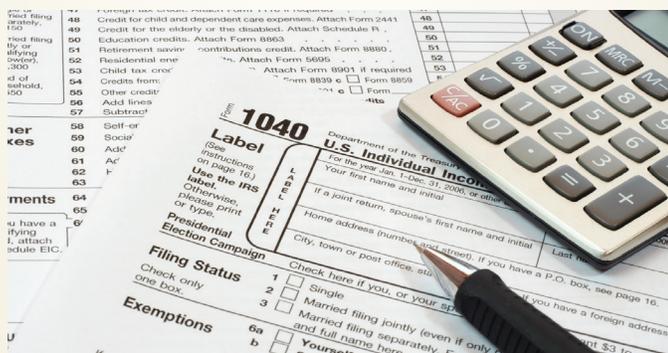
Webinar Wednesday – December 13th at noon

This month, we'll be discussing **Tips for Teaching Kids Financial Responsibility** during our Webinar Wednesday. During this webinar, we will discuss practical tips for incorporating valuable lessons about money into your everyday life with your children. Go to www.greenpath.com/accel-webinars to learn more and register.



News Watch: Tax Reform Bill

In news, Congress continues to work on tax reform that could impact every American's pocket book. The House of Representatives already passed one version of the bill in November, and now the Senate has passed their own version. We will continue to watch this legislation, and will provide a detailed, non-partisan analysis of the final bill.



Exciting Update on Accel Program

As we round out 2017, we are setting the foundation for more streamlined communication and clearer service offerings so that we can provide even greater value to the people we serve. To that end, we are renaming our Accel program "GreenPath Financial Wellness." This simple change creates greater clarity and less confusion. The services you have access to aren't changing, and you will now hear a consistent GreenPath message throughout your journey with us. We are hopeful that this will enable more people to take advantage of our life-changing programs that empower people to financial wellness.



Join the Conversation on Facebook!

Did you know GreenPath has a closed Facebook group designed to build an online community of support between GreenPath customers? Our online community has over 1,500 members who share success stories, ask questions, offer support to others along their financial journey, and offer tips and feedback.

To join, simply request access at <https://www.facebook.com/groups/GreenPathFriends>.

Throughout the coming months we will continue to roll out new features that provide new ways to stay engaged with your financial wellness digitally.

As a member of N.E.W. Credit Union, you can take advantage of the **Accel**, a program of GreenPath, Inc. Accel is a **free** financial education and counseling service. For more information, call 1-877-33ACCEL (332-2235) or visit us on the web at www.accelservices.org.

