

Earning a Debt-free College Degree

Written by Steve Marr

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Earning a college degree usually provides an advantage in future earning power. However, without pursuing wise financial counsel, it can also create debt that becomes an albatross around a student's neck. Currently, the average student graduates with [\\$35,000 in student loan debt](#). This debt cannot be discharged through bankruptcy. Effective planning provides excellent options for students and parents to avoid the consequences of student debt.

Here are some ideas to help you:

1. Make a debt-free plan.

As early as possible, parents and children should sit down and determine a realistic budget for school that does not incur college debt. If parents can contribute the total budget needed per year, be clear on the commitment the student is expected to make. Parents should be careful about incurring debt or draining retirement accounts to pay for school because there are other options.

One common pitfall that frustrates families with college-bound students is when they fail to graduate in four years. The [average cost of an in-state school is \\$25,000](#). Students who lose credits when transferring majors find they lose both time and money in the process.

2. Consider how CLEP exams could help.

One way to reduce college costs is to consider [CLEP exams](#). CLEP stands for the College-Level Examination Program. These examinations allow students to self-study and then take an exam to *test out* of taking the college course the test material assesses. Each test costs \$85. Students need to discipline themselves to learn material through self-study, but the savings are substantial. Since you can transfer CLEP Credits to another college, determine in advance which schools accept these credits.

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3. Use dual credit.

High school students often have an opportunity to enroll in a community college where they can take a class to get credit for high school graduation as well as receive college credit. These programs are generally free to the student earning college credit. This is another cost-saving idea.

4. Take advanced placement high school classes.

Advanced placement high school classes offer an opportunity to obtain college credit if a student receives a high score on the advanced placement examination. Again, these credits are free to the student.

5. Enroll in night school.

Night school allows a student to work during the day and attend classes after work. One advantage of night school is that students typically are motivated and more professional.

6. Consider a community college.

A community college costs [an average of \\$5,000 per year](#) . Community college is an excellent option for students who learn better in a classroom environment. Furthermore, there are numerous quality schools offering online degree programs at a cost of \$4,000 to \$5,000 per year, another way to save.

7. Research 529 savings plans.

College savings plans, known as [529 savings plans](#) , provide a favorable tax advantage for

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saving for college. Research them to find out if they could help you save for your children's college experience.

Many students and parents have a vision of the college experience they want. Usually it involves attending a wonderful school and having a memorable campus experience while obtaining a degree. However, it is crucial to differentiate between the college vision and the college reality. It is like enjoying the idea of having an \$80,000 flashy automobile but understanding that if the car causes serious debt, the car cannot become a reality. Likewise, students need to avoid jumping into an abyss of debt. When families plan correctly, students can make use of everything from a community college to college credits, apply them to a prestigious institution and graduate with a degree at a lower cost.

The harsh reality is that there is a [56% drop-out rate](#) of students entering a four-year college. While there is educational value from any school experience, it is possible to pay substantial money without obtaining a degree. Additionally, only [33% of students graduate in 4 years](#). This increases the expense of a college degree.

Consider that if a student graduates early and can enter the workforce, they can earn money rather than continue to spend money while in school. Most students don't think this way in advance. That's where it is important for families to keep open lines of communication about all options involved in a college experience.

College costs aren't going down. However, there are ways to reduce costs and even graduate with a debt-free degree. Review the options presented and decide what will work for your family.

- Plan the entire cost of a college degree, including any anticipated graduate work.
- Develop a clear career path.
- Take advantage of low-cost college credit options such as advanced placement, CLEP exams and dual credit.
- Utilize community college and distance learning for low-cost college credit.
- Remember that entering the workforce sooner increases earning power.

King Solomon wrote, "The plans of the diligent lead surely to abundance, but everyone who

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is hasty comes only to poverty.” (Proverbs 21:5, ESV) and reminded us that “The rich rules over the poor, and the borrower is the slave of the lender.” (Proverbs 22:7, ESV) Diligent planning will provide a college education that is a blessing without becoming a long-term slave to debt.