

# Your Sherpa, LLC

## Audio Session #4

You Can't Begin to Save if You Have Too Much Student Debt  
**Choose a School You Can Afford**

# Outline for session #4:

## **Problem:**

- Soaring College Debt (define problem, session #2)

## **Solution:**

- Attain your career goals with minimal debt:
  - Career choice – Pursue your passions (previous session)
  - Choose a school you can afford (***this session***)

# Outline for session #4:

*If* you decide college is right for you (and needed for your career goals)...

## **Choose a school you can afford by:**

- *Estimating* the earnings power of your career choice
- Knowing that it is your future income that pays back college debt
- An estimate is sufficient to avoid *extreme outcomes*:
  - A debt load you cannot possibly pay back with your future estimated salary
  - Excessive undergraduate debt when your career goal requires graduate school

# Outline for session #4:

## Information sources for researching potential future income:

- The Bureau of Labor Statistics:
  - *Occupational Outlook Handbook* at <https://www.bls.gov/ooh/> is an excellent source of information on earning potential and industry outlooks.
  - *Occupational Employment Statistics* database at [https://www.bls.gov/oes/current/oes\\_stru.htm](https://www.bls.gov/oes/current/oes_stru.htm) allows you to drill down into specific occupation profiles.
  - *One-Screen data retrieval tool* at <https://data.bls.gov/PDQWeb/wm> can help you find data that is very geographic location specific.
- High school counselors, public librarians, and service providers (e.g. college consultants) can help you research careers.

# Outline for session #4:

**“Sizing” your student debt load... (which affects your choice of schools!)**

Typically, ***an appropriate amount is 1x estimated starting salary!***

- Remember, this is your accumulated total debt (not one semester or year)
- Definitely don't exceed 1x if your estimated income is low
- This rule of thumb could fail you if:
  - You do not control personal spending
  - Live in an especially expensive area or city
  - You do not prioritize paying off debt
  - You do not maintain your earning power

# Outline for session #4:

## **To choose a school you can afford:**

- *Only look at (visit) schools you can afford*
- Have open conversations between students and parents about how much money is saved for college and how difficult taking on debt can be to both students and parents
- Use a personal process to *remove the emotion* from this major decision

# Outline for session #4:

## **My message is:**

- Unpopular, limiting, unfair?

*Or*

- Empowering, cares about your personal finances, aimed at keeping you positioned to save when you are young!

## **I empathize** with you struggling with my advice:

- Some students and families can't give up on a dream school
- Some parents will take on debt (despite the negatives of Parent Plus loans)