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MONEY BACK GUARANTEE

03/01/10 - Student Loan Problems, Bankruptcy Rarely Helps



There is over \$740 billion in student loans out there, and with jobs hard to come by, repaying _can be tough, or, impossible, even if you have to file bankruptcy.

as shown in a Wall Street Journal story by Mary Pilon, even doctors are having trouble repaying student loans.

Many people took out loans believing that the income from the job they got due to the schooling the loans paid for, would be more than enough to re-pay the loans.

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Then, with the recession, jobs disappear or pay less.

Before you take out a loan, or considering getting more student loans, beware! The loan does not go away, and the interest does not go away. Even in bankruptcy.

Whether in a Chapter 7 bankruptcy, or a Chapter 13 payment plan bankruptcy, in order to discharge a student loan, you have to file a separate lawsuit and prove it would be an undue hardship on you to repay the loan.

Analyze what repaying the loan will take, make conservative assumptions, about what kind of job you can get, and how much it will pay.

Realize money paid for student loans is not available to you to buy a house, or a vehicle, or pay the cost of child raising.

Don't believe the hype, especially from the colleges..

Most colleges are more than happy to have you take out loans, after all, they get the money!

The message in our culture is, "to get a good job, you need a good education."

You hear it on the all over "the average college graduate makes over a million dollars more over a working lifetime than a high school graduate."

Hey, college is great.

If you can afford it.

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There is what the economists call: opportunity cost.

Don't forget, the four or five years or more that you spend in college, you could be working. (OK, assuming you can get a job)

You lose the opportunity to work full time.

If you are borrowing \$50,000 per year of college, not likely you are going to get a financial return on that amount, meaning, you will not make enough more to pay off the loans, considering the amount of income you forego by attending college instead of working. (I know, if you can get a job.)

But, if you cannot get a job, makes even LESS sense to get huge student loan debt.

Do not be like the doctor in the story, who is on track to pay off her student loans when she is 70.

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