

## Debt-Proof Your Degree

Written by Rhonda Sholar

Wednesday, 12 August 2009 04:33 PM EDT

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*With a little advance planning and a lot of hustle, you can get the education you need and graduate debt-free.*

Unless there's a rich Uncle Earl standing by to pick up the tab, college students are often left with two choices: accumulate debt that follows them through life, or find often untapped resources to help make the dream an affordable, if not free, reality.

Unfortunately, for most students, financial planning for college often takes a back seat to where to attend college and what to major in. The average tuition for undergrads attending four-year public universities jumped 6.4 percent in 2008, according to the annual report Trends in College Pricing 2008, released by the College Board, a nonprofit membership association of 5,400 schools, colleges and universities. This increase helped push the average price of attendance, including room, board and fees, up \$394 to \$14,333. The average tuition at four-year private colleges rose 5.9 percent, raising the total cost of attendance by \$1,398 to \$34,132.

As a result, all forms of student aid are rapidly increasing, but students are relying more heavily on private loans—the fastest-growing component of funds used to finance college. Nationally, the average debt load for undergraduates had reached \$19,646 in 2008, according to the most recent survey by the national organization Project on Student Debt, more than doubling the \$9,118 student average in 1993. By 2007, private loans accounted for 24 percent of all education lending, making the private student loan sector a \$14.5 billion annual enterprise, according to the College Board. Two out of three students take out loans today. In 1993, fewer than half did.

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Students are carrying credit cards to meet other expenses. In 2008, 84 percent of undergraduates had at least one credit card, and half of all college students had four or more cards, according to the Project on Student Debt.

### Free Money?

One way to minimize debt is to seek private scholarships from agencies and companies who dole out billions of dollars every year with no repayment necessary. “The scholarship criteria is dependent on the donor, but it’s not always for academic standing,” says Marian Huffman, associate director of financial aid at Lee University in Cleveland, Tennessee. “It may be important to the donor that the person volunteer time at the humane society, is from a particular part of the country, has declared a certain major or overcome an obstacle.”

Though some scholarship funds go unclaimed every year, others—such as Duct Tape’s award to creative prom-goers who construct their formalwear using the 19 tape colors and patterns—have stuck around for years as college students have found that scholarships aren’t just for the academically elite.

But free money is hard work. In the last five years new scholarships have popped up like weeds. FastWeb.com, one of the first Internet scholarship search sites, has expanded its database from 180,000 awards in 1996 to 1.3 million awards worth more than \$3 billion today. The mostly free sites compare your background with available scholarships and list only those that fit your circumstances.

Don’t rely solely on the Internet, however. Brooke Barton, a 2004 college grad from Tennessee Technological University in Cookeville, Tennessee, found a scholarship right in her own backyard. Based on her GPA, extracurricular activities and work experience, Barton received a memorial scholarship given by the family of her high school’s janitor. In return for maintaining a 3.0 GPA throughout college, tuition and books were covered, leaving her debt-free upon graduation.

“Local scholarship programs are often less competitive than national ones,” Barton says. “The

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bigger you go, the harder it is to receive funds.”

She suggests contacting high school guidance offices for scholarship lists, calling organizations to ask if they offer awards or searching *Google.com* using the keyword “scholarships” and the name of your hometown, state or area of interest. Parents’ employers and churches are also good places to look for local awards.

Once you’ve determined where to apply, slow down. More time spent on an application means better essays (get someone to critique your work) and a neater appearance (type up a practice copy before filling out the real thing). File and reuse your essays—but refine them as you go. The process gets easier with practice.

“The first one is the hardest one you’ll ever do,” says Ben Kaplan, founder of [Cityofcollegedreams.org](http://Cityofcollegedreams.org) and author of *How to Go to College Almost for Free*. “There is a learning curve and not a lot of material to recycle in the beginning. Once you’ve applied for one scholarship, you’ve already done 60 percent of the work to apply for 10.”

Kaplan, 30, is a walking, talking scholarship success story. He graduated from Harvard debt-free after winning more than two dozen scholarships. He says his first scholarship application took about 16 hours to complete. By the time his winnings were pushing \$90,000, he could finish applications in as little as an hour.

“The ‘almost’ in my book’s title represents the work and determination you have to have for the process,” he says. “Scholarships are a game, and you have to learn the rules.”

He suggests learning from those who have played it well by looking at past winning essays and applications, and “painting your portrait” by showing who you are, not just what you’ve done.

“No one shares your exact life and that helps you stand out from the crowd,” he says, adding that the more personal details, the better.

### Leap of Faith

The scholarship-chasing process is a worthwhile one aside from any possible financial gain. The hard work and drive needed to track scholarship funds gave Kaplan the needed credentials to get into Harvard by demonstrating his preparation for the college workload.

“You have to believe in yourself and God’s plan for you and be able to persuade others to believe in your future too,” he says. “That proves useful beyond college—when it’s time to get an internship, a job or start your own company.”

Rejection is even a valuable part of the process. “The common link for all those that win awards is that they keep applying and don’t take rejection personally,” Kaplan says. “You have nothing to lose by applying. When you don’t get a scholarship no one comes to your bank account and takes away money.”

During her senior year of high school, Rae Lynn Smith, a recent graduate of The Art Institute of California in San Francisco, bought Kaplan’s guide and applied for “every possible scholarship” and entered every contest. She won the Guideposts Young Writers Contest and received a \$10,000 scholarship, a small scholarship for high school decathlon and a Cal Grant for California students based on merit.

Smith learned the hard way to double-check possible income sources. She spent an entire weekend writing a story for a *Seventeen* magazine writing contest only to have it returned for an unknown address ... after the deadline was passed.

To further offset the cost of her estimated \$75,000 degree, Smith rented a bedroom from family friends, frequented public transportation and worked more than 20 hours a week as a Starbucks barista, where she earns a \$300 scholarship per quarter and full medical benefits. Her choice to attend a year-round school, with only two-week breaks between terms, earned her a degree in three years, resulting in one less year of room and board.

### Plan Ahead

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Christy Pitney had a typical experience paying for her undergraduate degree at the University of Evansville in Indiana. She won several academic scholarships from high school, had a job on campus and was fortunate to have her parents pitch in the balance. It's her grad-school experience at the pricey Medill School of Journalism at Northwestern University in Evanston, Illinois, that sets her apart.

Pitney footed the bill for her \$40,000 post-grad degree from birthday money she'd saved beginning as a toddler, happy to forfeit a CD here and there for her long-term good. She also earned money writing book reviews and columns for Christian publications since she was 12.

"It was a great way to earn some money and hone my professional skills," she says, adding that as a bonus she became financially savvy, investing in Roth IRAs and the stock market. "Fifteen years of saving adds up."

After college, Pitney began her career as the editor of *Meat & Seafood Merchandising* magazine and married someone who is also loan-free. The financial groundwork laid early in life allowed her to enter a career and marriage without the burden of debt.

"It's a sense of freedom that allowed us to buy a house before we were married," she said. "It took the pressure off not having to find a job with the magic dollar amount right out of college."

But, unlike Pitney, many families are not planning early. "People are afraid to have somebody come in and look over their shoulder," says Todd Bauerle, a DeLand, Florida, certified financial planner. "They've bought into Satan's lie that if they can't do it all, they shouldn't do anything at all."

If parents start investing before a child goes to kindergarten, he recommends the stock market, as there's a longer period of time to withstand the ups and downs of the market. If a child is 5 to 10, the time horizon is shortened dramatically, and bonds and very safe investments are the way to go.

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Bauerle, whose daughter graduated from Nashville's Belmont University debt-free in 2007 and whose son is a debt-free sophomore at Auburn University as a result of advanced planning, warns parents against "giving" their children an education.

"Who are you trying to help that child become?" he asks. "One child might appreciate it and be good with money and another think it's an entitlement. It's a stewardship issue from a financial aspect but also one that affects their spiritual growth and maturity."

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**Rhonda Sholar** wishes she would have had this article on hand when her husband was pursuing his graduate degree. She is a freelance writer and editor for several national, Christian publications.

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## FREE MONEY

Want to learn how you can get help funding your college education? Go to [bigbreak.charisma.com](http://bigbreak.charisma.com) to find out what Congress is doing to take the pain out of paying for a degree.

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## Scholarship Search Engines

**MyRoad** ( [myroad.collegeboard.com](http://myroad.collegeboard.com) ): The College Board's single, comprehensive software resource to help students navigate the college- and career-planning process.

**FastWeb** ( [fastweb.com](http://fastweb.com) ): Free searchable database with 1.3 million scholarships, fellowships, grants and loans that is updated daily.

**Fast Aid** ( [fastaid.com](http://fastaid.com) ): Claims to be "The world's largest and oldest private sector scholarship

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database.”

**Mach25** ( [collegenet.com/mach25](http://collegenet.com/mach25) ): Contains more than 600,000 awards totaling more than \$1.6 billion.

**Scholarship Resource Network (SRN) Express** ( [curesearch.org/resources/resource.aspx?ResourceID=374](http://curesearch.org/resources/resource.aspx?ResourceID=374) ): Contains more than 8,000 programs with a distribution level of more than 150,000 awards worth a total of more than \$35 million.

**U.S. News** ( [usnews.com/usnews/edu/dol\\_ars/tools/scholarship\\_search.htm](http://usnews.com/usnews/edu/dol_ars/tools/scholarship_search.htm) ): Search engine divided into six categories of scholarships: ethnic, athletic, art, corporate, organizational and military.

**Sallie Mae** ( [salliemae.com](http://salliemae.com) ): The nation’s top provider of education funding.

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## Zero-Debt Strategies

1. Stretch out your school experience. “It’s not uncommon to see students take five to six years to complete an undergraduate program,” says Marian Huffman, Lee University’s associate director of financial aid. “It could be a combination of academic rigor as well as financial burden.”

2. Take off-hour courses. Some schools offer tuition reduction for classes taken during off-peak hours.

3. Consider advance-placement credits or credits from a less expensive institution. Students may earn college credits by taking college courses or advance-placement exams while still in

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high school. First- and second-year college students can also take College-Level Examination Program (CLEP) tests for course credit. Transferring qualified and approved credits from a community college or another less expensive institution to a more prestigious college or university can add up to big savings.

4. Shop for tuition. Compare out-of-state versus in-state tuition rates at various institutions. Lower tuition does not necessarily mean an inferior quality of education.

5. Seek school discounts. Colleges often offer discounts for employees, military personnel, siblings attending the same college, and children of ministers and missionaries.

6. Continue living at home while attending school. Although students may prefer to live in the dorm or share an off-campus apartment with friends, they can save money by living at home with their parents.

7. Create a college savings plan in advance. Some states offer 529 college savings programs, which allow tax-free deductions to create a college savings that can be used at any college in the United States, or prepaid tuition plans, where residents buy a contract or bonds at a fixed price, based on the rates of college tuition today.

8. Buy textbooks overseas. Just like prescription drugs are cheaper in Canada, English-language college textbooks from countries such as England, Australia, New Zealand and Canada are cheaper than their American counterparts.