

DEBT AND THE COLLEGE APPLICANT

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The transition process from high school student to college student occurs at a time in a young adult's life when they are forced to make many decisions of a serious nature that have lasting repercussions. What are they interested in? Where do their talents lie? Do they want to go to college, or do they want to go to a trade school? A two-year college, or a four-year college? Do they want to leave "the family nest" and live away from home or do they prefer to stay at home and be a commuter student? How far away from home are they psychologically comfortable with? Do they prefer a small college vs. a large university setting? Have the parents graduated college or not? What unfulfilled dreams of the parent's might be influencing the career or college choice of the well-intentioned offspring?

These are all difficult questions to have answered, especially as the high school senior attends to the time-consuming and multi-step process of filing college applications, financial aid forms, essays, references, etc. Many parents just manage to get through their child's senior year in high school by the proverbial "skin of their teeth." Added to these stressors is the condition of "senioritis," a non-clinical condition that is manifested by the slacking off of interest in all studies but the most critical, lateness, absenteeism, or put another way "just coasting by." Then there is the issue of *the prom*, a perceived rite of passage that is fraught with other worries besides the financial.

No wonder that most parents look forward to sending their offspring off on the adventure of college, albeit for the most loving of reasons. Parents want to see their children be well prepared for life, especially as the parents may have started the countdown toward their own retirement. The emotional tug-of-war that may occur during this time as parents try to psychologically let go of their child to let him start to make his own decisions is matched by the simultaneous struggle to want to hold on and protect their child the same way they made sure he did not run out into traffic as a toddler. This ambivalence is felt also by the young adult, who has a simultaneous need to hold onto the comforts provided by Mom and Dad but who they have already begun the separation process from.

As the young adult makes the Big Decision what he will do as an adult, financial implications of that decision may not be experienced as part of the equation. How costly is the college of their choice? How much in savings have been accumulated? Will the student be expected to assume some costs, either as part of the college's financial aid package or by parental expectations? How marketable will the final degree be and will a Masters or Doctorate be required before consideration for employment?

In a survey conducted by Money Magazine, September 2006, it was found that two-thirds of students borrow to pay for college and one in ten have loans of \$35,000 or more. Added to this is the \$2,864 average balance carried in credit card debt among college seniors. How will the student pay for these crushing debts, if they successfully enter the job market upon graduation? Money Magazine stated: “The same debt that enables your child to attend the school of his dreams can lower your family’s standard of living for years and divert money from critical goals like saving for retirement...Graduates burdened with student loans are far more likely than non-borrowers to live paycheck-to-paycheck, run up credit-card debt, postpone buying a house and even delay having children.” Do not count on bankruptcy, they say, since it will not rid a borrower of a student loan.

Here are Money Magazine’s tips to guide you in the decision-making process:

Factor price into the decision. “Scores of debt-laden grads have the same sorry tale to tell about how they got into this mess—they chose to go to the ‘best school’ that accepted them, regardless of price and figured they’d work out how to pay for it somehow. Don’t let your kid become one of them.”

Set some limits. Do you have other children in line to educate? What are the implications of your parental cost, after grants, possible scholarships, etc. are factored in, for a four-year term? Will you require your child to work part-time for books and supplies, pocket money, etc. so that your child has some “investment” in his choices? Are you prepared for your child to return to living at home after graduation, after you have adjusted to the empty nest, if he either cannot get a job or cannot live and pay his debts without the parental subsidy? Will this delay your own retirement/relocation dreams and plans and will you need to take on additional work while your child is in college? Do you have the stamina and earning power to do that? and Can our marriage survive the financial burdens of sending our kids to the college of their choice? Will you require your child to work part-time, in entry-level positions, so as to build a resume and job history in their chosen field to be drawn on upon graduation?

In the meantime, talk about the future, your future, on a regular basis. Letting a child run up excessive debt, credit card or otherwise, is an invitation to delayed entrance into the adult world. Oftentimes, chronologically adult children will assume that they cannot possibly begin their own lives until they have no debts. For the adult child living at home, free-spending on clothes, vacations, cars, electronics, etc. may become the norm which can beget more debt. These are all difficult questions to examine on the part of parents, and certainly their child will have feelings of their own about what the parents expect.

To get back to the ambivalence issue that was discussed in the beginning of this article, parents need to think about the questions of: When Is My Job Done? and How much do I want to be involved in the financial/career rollercoaster ride of all of my children? It makes for some deep thinking.