

Student Loan Interest: Pay Now and Save!

Check out how three college students all end up paying different total balances on the same student loan, depending on when they begin payment and how much they pay.

Student 1:

\$40,000 student loan—\$10,000 per year

7% rate of interest on each loan

Student 1 pays nothing until after graduation

At graduation, total balance = \$44,399.43

Student 1 must pay \$515.52 each month for 10 years to pay off the loan

In total, will repay **\$61,862.40**

Student 2:

\$40,000 student loan—\$10,000 per year

7% rate of interest on each loan

Student 2 starts paying immediately, while still in school—\$116.11 per month

At graduation, total balance = \$39,912.85

Student 2 must now pay \$463.42 each month for 10 years to pay off the loan

In total, will repay **\$55,610.65**

Student 3:

\$40,000 student loan—\$10,000 per year

7% rate of interest on each loan

Student 3 also starts paying immediately—\$215.11 per month

At graduation, total balance = \$35,819.02

Student 3 must now pay just \$415.24 each month for 10 years to pay off the loan

In total, will repay **\$49,948.50**