



# Frankly Financial

*We firmly believe that creating a magnificent life starts with building a bulletproof financial plan. Therefore, our mission is simple: To spread financial wellness to anyone willing to listen, learn, and most importantly act!*

**Financial Accountability:  
Reaching your 2018 goals!**

**\$1.4 Trillion:**

**Are you one of the 70% of graduates grappling with student loans?**



Student Loans, the bane of many millennial's existence, delay people from purchasing homes, investing money, and can even postpone major life events such as getting married, having children, or starting a business. Maybe even more importantly, **the overwhelming nature of student loans strains emotions and adds anxiety**, causing many people to ignore their debt and defer possible solutions to the future.

As many young professionals can attest, sitting underneath a large mound of **suffocating student loan debt can bring about about a sense of helplessness and hopelessness**. Whether it is a corporate employee with a relatively small amount of undergraduate debt, an attorney with an average of \$140,000 of debt, or a physician with an average of \$160,000 of debt, **student loans can certainly keep you from living life to the fullest... IF YOU LET THEM!**

If this describes you, **you are not unlucky; rather, you are the norm**, and in this article we are going to examine some of the options available to you. I highly encourage you to consult with your financial professional before making any decisions, as these choices can drastically affect your monthly income and thus the resources you have to allocate to other critical areas of your finances.

- 1) **Keep the federal loans you have.** There are some advantages to sticking with the gaudy interest rates the federal loans provide. For starters, the forbearance program allows you to go an extended amount of time without making payments. Of course, interest is building, but this **flexibility can be desirable for someone with a low or fluctuating income**. Federal loans also allow you to apply for the income based repayment plan, and if you qualify and pay the minimum payment consistently for 25 year years, the remaining loan is forgiven. Before you get too excited about this method, remember that the loans continue to grow with interest and that **the amount of the forgiven loan is taxable income**. Typically a debt forgiveness option is chosen out of necessity by people with higher debt and lower income, but it can make financial sense in other instances. For example, **if you work for a public service entity as student loans will be forgiven tax free after paying the minimum payments for 10 years**.
- 2) **Consolidate your loans.** There are many private companies right now that are willing to consolidate your federal student loans and **are offering very compelling interest rates**. Price shopping to get the lowest interest rate is always wise, and doing so can save you thousands over the longevity of the loan. Most importantly, picking a 10, 15, or 20 year loan option gives the peace of mind of heading in the right direction, knowing you will be debt free much sooner than originally anticipated. I highly recommend you seek advice from a financial professional before choosing a time frame. The end goal is not to be debt free, but rather to build net worth, and putting all of your excess money towards loans can be detrimental to other areas of your personal finances.

- 3) **Do a mix of both.** You don't have to do all or nothing when it comes to consolidation. Most times young professionals have multiple student loans with varying interest rates, and each one needs unique and careful attention. For instance, you can consolidate the federal loans with the higher interest rates to one loan with a lower interest rate while shortening the time period, but also choose to not consolidate the loans with lower interest rates. In doing this, you can successfully save thousands by consolidating some loans while also keeping the desired flexibility that government loans offer.

In conclusion, discuss your options with an expert and know that whatever you choose **is not a set it and forget it decision, as re-evaluating your loans yearly is always wise.** Creating a plan for your student loans will have many financial benefits, but none are better than the peace of mind you achieve when you have a strategic plan to tackle that suffocating mound of debt. **Don't let student loans keep you from living life to your fullest any longer; take control of this debt and reclaim your life!**

- **William Alan Franks**

[Schedule your free 30 minute introductory meeting here!](#)

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