

## Money Makers

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### How do you fight back if student-loan interest rates double?

On July 1, Congress is more likely than not to [let the interest rate on government-subsidized student loans double](#) to 6.8 percent, one Houston financial adviser fears.

For recent graduates, you know it's hard enough paying off student loans in a bleak economy. So how do you fight the rate increase? The doctor's diagnosis is grim.

The only thing college graduates can do, and do as quickly as they can, is pay up. That probably means putting off big "American Dream" purchases, like a home, said [Keith Fenstad](#), a financial adviser at Houston-based Tanglewood Wealth Management.

"Student debt is second to mortgages," he said. "It's a huge burden for college graduates, and it stifles the American Dream."

It's possible that Congress could reverse course and keep student-loan interest rates at 3.4 percent, but "I'm not keeping my fingers crossed," Fenstad said.

As I've reported before, [student loan debt can be an economic hindrance](#) — young graduates are hesitant to enter the housing market, and big debt loads stifle consumerism in general.

In Houston and across the state, the price tag for higher education keeps getting higher: Texas' best public universities have boosted tuition rates more than 100 percent over the past decade.

In the face of all this, financial advisers' advice is simple because there aren't a lot of options — despite the fact student loans can be deferred for several years.

"They've got to pay off the loans," Fenstad said. "It's unfortunate, but the best thing to do is to bite the bullet and pay as much as you can as fast as you can. The debt doesn't

go away. You shouldn't wait for a time when you're making more money. Even with a higher paying job, you're still going to be making the same sacrifices."

About the best thing young graduates can do is formulate a plan of attack, he said.

"The biggest thing is just setting up a schedule of what you're going to pay off that year, and to pay it off in 5 years, realize you need to do A, B, C and D," he said. "Without a structured plan, it's easy to go awry."

Still, you don't want your life to be absorbed in paying off your debt. If you have extra income, save it for a rainy day: If your car breaks down and you have to use a credit card to repair it, then you're robbing Peter to pay Paul, Fenstad said.

But does the education pay for itself?

In 2011, the national jobless rate for individuals with some college but no degree was 8.7 percent, while it was only 4.9 percent for those with a bachelor's degree.

Here's a look at student loans by the numbers:

- **\$22,140:** Average Texas student loan burden in 2011
- **6.8 percent:** National jobless rate in 2011 for graduates with associate degrees
- **49 percent:** Percentage of Texas public university students in 2010 who graduated within six years
- **\$1,053:** Average weekly earnings in U.S. for graduates with a bachelor's degree

#### *Average in-state tuition and fees on the rise*

**Rice University:** \$37,292 in the 2012-2013 academic year, up 103 percent since the 2002-2003 academic year.

**University of Texas at Austin:** \$9,792 in the 2012-2013 academic year, up 147.8 percent since the 2002-2003 academic year.

**Texas A&M:** \$8,506 in the 2012-2013 academic year, up 79 percent since the 2002-2003 academic year.

**University of Houston:** \$9,888 in the 2012-2013 academic year, up 195 percent since the 2002-2003 academic year.

**Houston Community College:** \$2,025 in the 2012-2013 academic year, up 64.6 percent since the 2002-2003 academic year.

Collin Eaton covers banking, finance and securities.