




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# How to feel better about your student loans

Understanding your student loans is the first step—then decide how to attack them.

Fidelity Viewpoints



## Key takeaways

- Don't be afraid of your loans. The first step toward tackling student debt is to look it square in the face.
- Make extra payments on student loans to help pay them down quickly.
- Check with your loan servicer to make sure your extra payments are applied to principal.

Look at your student loans. If you're like many people, it may be stressful or overwhelming, but look those loans straight in the face. Getting to know everything about them is the first step to taking control of your financial life and gaining confidence. In particular, you should know your monthly payment dates and amounts, interest rates, balances, and loan types.

Remember that:

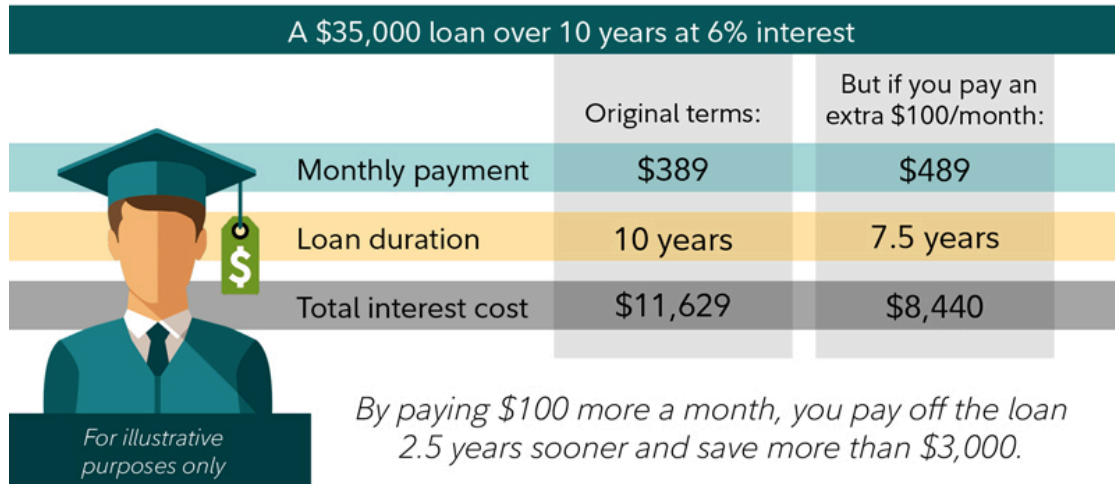
- You may have a new federal and/or private student loan for each semester of school.
- Each loan may have a different interest rate.
- The type of loan you have can affect the way interest builds up over the years—as can the repayment plan.
- You can call your loan servicer and ask them to explain your loan to you.

Feedback

## Learn how to apply extra payments to student loans

Making extra payments on your loans can reduce interest costs and shorten the repayment period. And here's some good news: All education loans, both federal and private, allow extra payments with no penalties or fees.<sup>1</sup>

## Pay student loans off fast and save money



There are 2 basic strategies for tackling debt: the snowball method and the avalanche method.

The snowball method starts with your lowest balance loan. Pay it off as quickly as possible. It feels good to have one less payment each month—and frees up some money you can then use to pay off the next lowest balance. As loans are paid off, you then apply the payments that were going to the paid-off loan to the next one. So the amount you're able to funnel into extra payments gradually grows—like a snowball.

The avalanche method starts with the highest interest rate loan. After you pay it off, you can put those payments toward the loan with the next highest interest rate. This method can save you the most money in the long run because you're chipping away at the most expensive loans first.

### Tell your loan servicer how to apply your extra payments

It can take some time to see the impact of your extra payments. Using tools like [Fidelity's student loan tool](#) can help renew your motivation and inspire you to keep going.

As you begin to make those extra payments, keep in mind that your loan servicer may not always apply those payments to principal. They may assume you're prepaying for next month. So it can make sense to call them and ask that your extra payments go toward the loan balance—or you may be able to give instructions online.

## Is there a better way to pay off student loans?

Use our student debt dashboard to evaluate repayment options.

[Learn more](#)

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1. Prepayment, FinAid.org, <http://www.finaid.org/loans/prepayment.phtml>.

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