

# 10 Steps to Student Loan Freedom

A free guide with best practices

 save my cents

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# Disclaimer

- The materials in this documents offer no guarantee of any outcome or success in personal finance. You have to take the actions and make decisions relevant to your own situation, based on your knowledge. Your own results may vary due to your own decisions. This is a free resource provided by Save My Cents, Inc. for educational purposes only
- Nothing in here constitutes or claims to be investing advice

Good news

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You will **not be stuck** with your student loans forever.

You are **not messed up** because you took on student loans.  
Your loans **do not define who you are.**

**Have hope.** Without hope, we operate in darkness and fear.

# 1. How do loans work?

Most student loans have a balance, interest rate, and a term

Balance

The amount of money that you owe, as well as any unpaid interest

Interest rate

The cost of the loan. If you have monthly payments, the calculation is as follows

$\text{Balance} \times (\text{interest rate} / 12) = \text{monthly interest owed}$

Term

The time you have to pay back the loan. When your term is up, the entire balance of the student loan – whatever is left of it, is due. The longer the term, the more interest you end up paying on a loan

## 2. Keep as federal or go private?

|   | Federal  | Private   |
|---|--|---|
| Income-driven repayment (IDR) and forgiveness | Offers IDR and loan forgiveness programs   | IDR and forgiveness programs are rare                                 |
| Interest rates                                | Typically fixed  | Variable available. May offer better rates than federal in some cases |
| Ability to discharge via bankruptcy           | Either your school closed while enrolled, you can prove “undue hardship”, you have total and permanent disability, your school defrauded you, or you die | Often more difficult than federal, varies by lender                   |

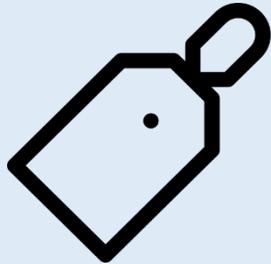
# 3. Know your information

Create a document that has the following

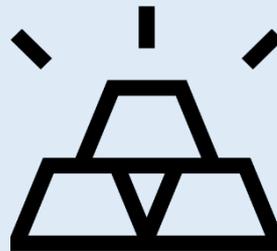
|                   | What is it?   | Tips  |
|-------------------|---|---|
| Loan name         | Give each of your loan a loan name that you can refer to. You make it up!       | Typically, I like to group them by servicer and note if they are Parent PLUS or are different than the others in some way     |
| Balance           | This should be the current balance that you owe on the loan                     | If your loan has grown over time, note the original balance as well as the current balance                                    |
| Interest rate     | The % interest that is charged as a cost of borrowing the loan                  | Group loans with same interest rates together   |
| Due date          | Also known as the term  | Be mindful of the loans that are due earlier  |
| Loan servicer     | The company that processes your loans and takes your payments                   | Federal servicers can change! Make sure to also set up a Google alert for news regarding your servicer                        |
| Repayment details | If you are under any forbearance vs. deferment, IDR, or PSLF plans, please note | Write out the terms in plain English so that you understand. Please note which loans may be subject to income tax if forgiven |

## 4. Prioritize these loans first

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The interest rate is the cost of borrowing the student loan. Prioritize paying off loans with the highest interest rates



Between two loans of similar interest rate, loans with larger balances should be prioritized over loans with smaller balances

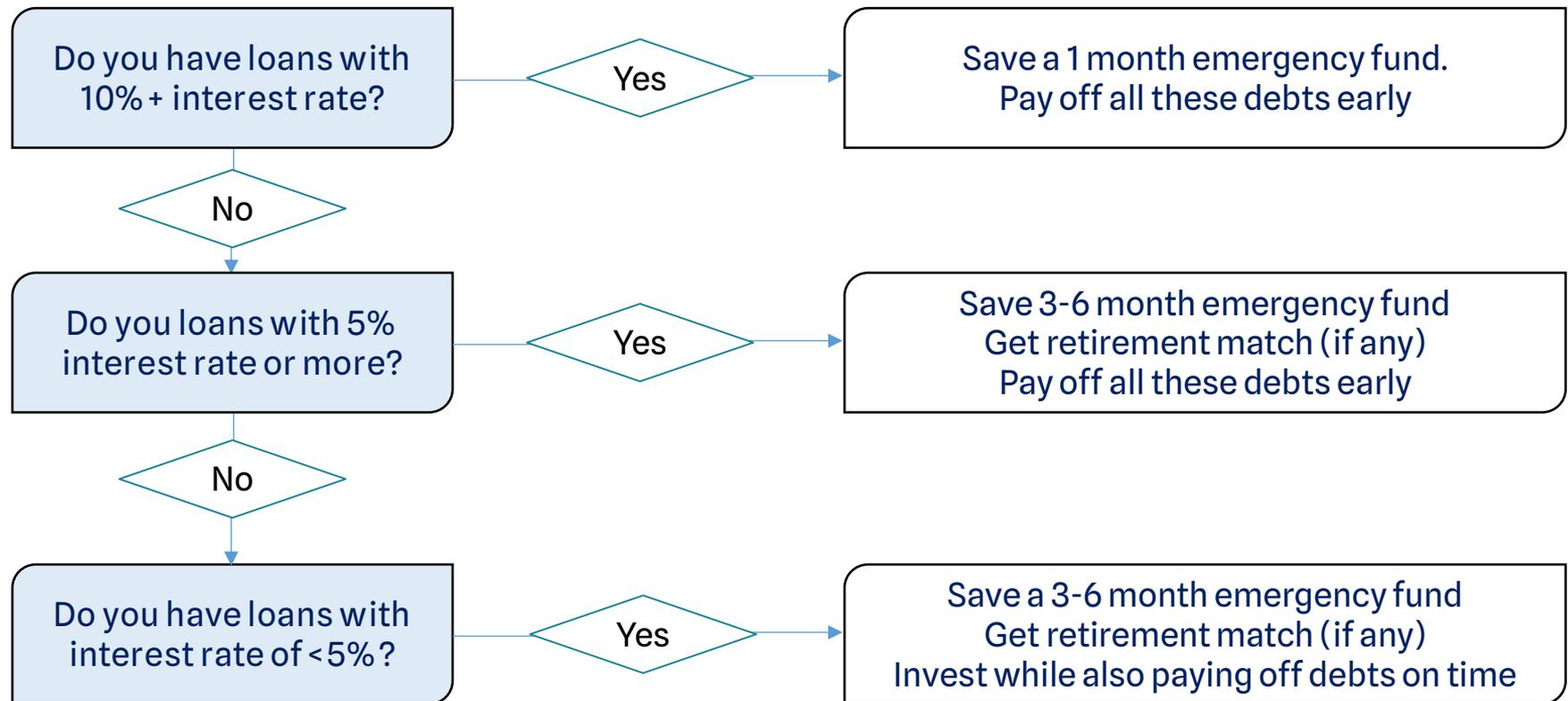


You may also need to focus on loans that have had capitalized interest (unpaid interest), which adds to the original balance

# 4. Prioritize these loans first

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*These are my personal recommendations and not hard and fast rules*



# 5. Create your payoff plan

How much do you want to send to student loans per month?

Your loan payments (minimum and extra) should be a line item in your budget. If you have never budgeted, see the last page for a free download

Which loans do you want to prioritize?

Use the previous two pages (step 4) as a starting point to guide you to which loans to prioritize

Do you want to remain on any income-driven repayment plans?

These plans may offer relief, but are not always designed to help your unique situation – and you often end up paying more than if you remained on the standard 10-year repayment plan.

How might you increase your income?

Look into networking, negotiating, increasing your skills, side hustling, to increase income

## 6. Do not operate without an emergency fund

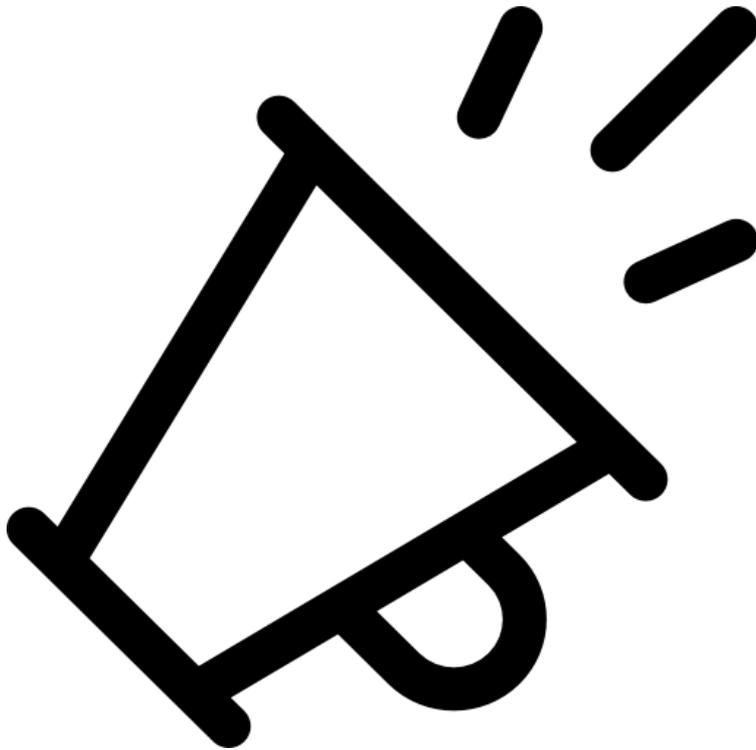
Once your loans are 10% or less in interest rate, build a fund that can fund 3 – 6 months of living expenses (this means all your must haves, and maybe, some nice to haves). Don't forget to budget for your health insurance deductible and your loan minimum payments

Do 3 months if: You don't have dependents, are in a low-risk industry  
Do 6 months if: You have dependents, or work in a high-risk industry

Do not invest your emergency fund. Job losses are more likely when the economy is doing poorly, which is also when stocks do poorly

If you use any part of your emergency fund, replenish it before going back to paying off debt

## 7. Ensure extra payments are applied correctly



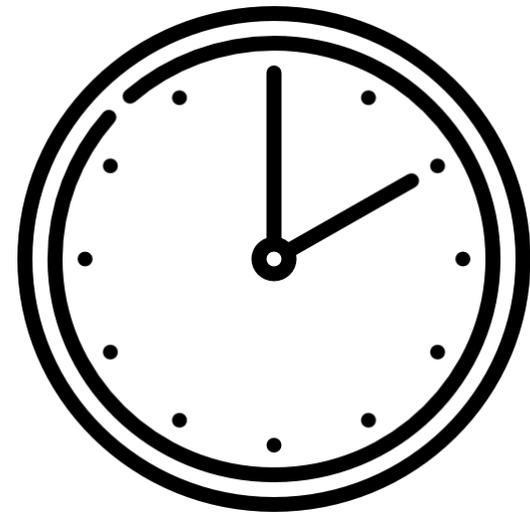
When sending an extra payment to a student loan, make sure that this payment is being applied to your principal balance only.

Loan servicers often do a sneaky thing where they apply it to your next set of minimum payments. What happens is that you end up pre-paying interest, and it doesn't fully go to your balance.

Call your student loan servicer if you are unsure.

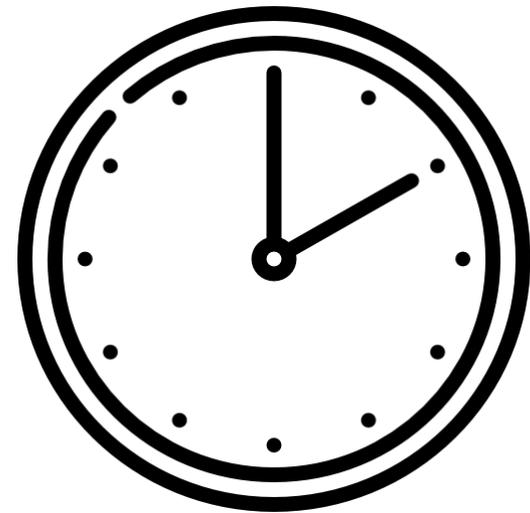
## 8. Avoid going into default

- On May 5, 2025, the federal government started collecting on defaulted loans by garnishing wages
- If your loans are not in deferment or forbearance and you don't make a payment for 270 days, the loan is in default. Visit <https://studentaid.gov/> to check the status of your loans
- You can avoid this by contacting the Default Resolution Group to make a monthly payment, enroll in an income-driven repayment plan, or sign up for loan rehabilitation



## 8. Avoid going into default

- On August 1, 2025, loans under the SAVE repayment plan will begin accruing interest and payments will restart, ending the Biden-era forbearance
- If you're working towards Public Service Loan Forgiveness, you need to switch to an alternative IDR repayment plan to make qualifying payments
- You do not need to re-submit applications for Income-Based Repayment, Pay As You Earn (PAYE), or Income-Contingent Repayment (ICR)



# 9. Learn how to budget



- Aim for **1 – 2 hours** a week. I call it the “Happy Hour” or the “Sexy Money Date”
- Your budget does not need to be perfect or the same month to month
- The app or tool you use matters less, and it’s more important that you’re consistent in budgeting
- Use COACHSPECIAL to save **50% [off my budgeting mini-course](#)**

# 10. Don't give up – discomfort is growth



Break your debt into smaller amounts



These debts don't disappear overnight



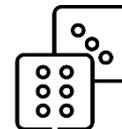
Living below your means isn't fun, but it's important



Find support. In a friend, partner, or online

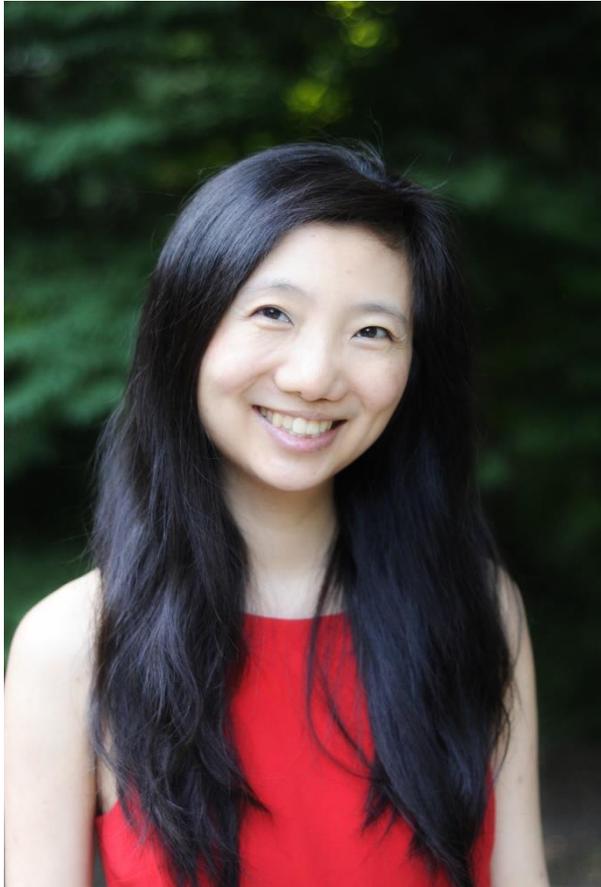


Emergencies can happen. Don't beat yourself up



It's okay not to be doing things perfectly

# Further resources by Save My Cents



I want you to succeed in personal finance on your own terms. And when it comes to crushing student loan debt, I would like for you to forgive yourself – your debt does not define you.

My offerings

[Save My Retirement Masterclass](#) – my signature crash course for saving a retirement. Sales run every 2 – 3 months.

[Private coaching](#) – if the courses and options above do not work, private coaching can give you personalized attention but is also the most costly