

Student Loans: Friend or Fraud?

Jasmin H.

Student loans, the make or break of a university student's idyllic career. They seem simple: take a wad of cash out the bank, pay your education fees and then pay the bank back. It seems that in this modern world not much consideration is taken by students before their mortgage has been processed, and it is only a matter of time before their life is derailed because of them. Student loans can either make your years a living heaven or a living hell, as either the start of a young adult's journey in the real world or a financial collapse waiting to happen. It is important that the positive effects of student loans are applied to your life as much as possible to prevent great debt in the future. It is important that you view your student loan as your friend and a boost into the money-earning society.

So, how could student loans become your best friend, your chum for life, your forever amigo? If you want low interest rates that you can put off for a while then that lending of cash is just what you need. There's no need to fiddle around in your wallet to find that loose change or forgotten debit card in search of money until you're earning a certain amount. This ambiguous "amount" all depends on which loan you decide to take out, whether it be from NatWest, Lloyd's Bank, HSBC or whichever bank you choose to reside with. Student loans allow you to cross that bridge of payment when you get to it and celebrate your time at university. 79% of people are employed for the first time after university, so thanks to that student loan you took out at 18 your education is financially covered until your early twenties.

Another issue of good news is that these babies don't go on your credit report, therefore taking out a mortgage for your dream house is still possible! Even if you're still paying off your student loan (yes, they can take *that* long to compensate) you can take out a second loan to cover your expenses – even the bigger ones like buying a house or fancy car. Student loans from the bank do not comply to the regular credit history tracking, so realtors can resume to provide you with an offer for that dream house if you have a strong credit score. There are many ways you can increase your credit score: for example, buying one Double Chocolate Starbucks Frappuccino with your credit card every morning and repaying when you receive your credit bill. These small steps will show banks that you are trustworthy with their money and are more likely to gift you with those juicy mortgages if needed. Get a student loan while you can; it might just help you to buy your future home for all you know.

However, as you can tell from the title of this article, student loans are also massive frauds. They're about as two-faced as BoJo. In 2014, a report from the Pew Research Center in the USA revealed the imbalance of net worth among college graduates with student loan debts opposed to those without debt. The median net worth of a household headed by a college graduate under the age of 40 with student loan debt was \$8,700. Quite low for America, you might think. Well, you would be right to assume so because the median net worth of a household headed by a college graduate under the age of 40 with *no* student loan debt was \$64,700. That's more than seven times greater than the previous figure. Fraud? I believe so! I suggest that if your aspiration for the future is to become a multi-millionaire, perhaps letting your parents pay for your education fees and later paying them back is the path to

success. By following this method you can increase your credit score, as you are paying back the money you received from your parents and not your bank. Additionally, interest is non-existent if you wish to pay for university this way! It's a win-win situation, enabling you to spend your would-be interest expenses on a puppy (or kitten if you're a cat person).

At nearly \$1.6 trillion in the USA alone, total student loan debt in 2020 is bound to continue increasing during the Coronavirus pandemic. This record-breaking statistic acts as a mark in America's economic history, with over 45 million borrowers who are physically unable to make contributions to their repayment due to lockdown. Young university students who had jobs in order to earn some additional cash prior to lockdown may later be exploited by banks who will demand their repayment in the near future. With fewer employees working, companies do not have the need to rehire the part-time students because customers are fewer and there are governmental rules to follow. These current "out of work" employees have no source of income and cannot pay back their loans. This awkward student loan crisis is occurring around the world and pressuring young people into money troubles they thought were somewhat covered.

Student loans are subjective, and, if decided to be taken from the bank, can be seen as a friend or a fraud in your life. The valuable benefits to these starting mortgages allow you to live your young adult years more freely, without the worries about paying them back before your job is steady and not making an appearance on your credit report. However, the detrimental impacts of these loans can cast turmoil on to your life, decreasing your net worth significantly, especially during these troubling times of the Coronavirus outbreak. As a friend or fraud, student loans can impact your life notably so careful consideration should be taken prior to taking one out, particularly soon after this traumatic pandemic.