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THE APP RAP

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Two Great College Finance Apps

Borrowing for College

Developer: USA Funds

Price: Free

For: iPhone, iTouch, iPad

Student Loan Calculator

Developer: Business Compass

Price: Free

For: Androids

Many teens are faced with the prospect of taking out loans for college. In fact, student loans this year are going to surpass one trillion dollars. I found two apps that make it easier to understand the financial obligations you may be encountering and the debt you may face at the end of your college enrollment.

Two of my favorite apps can help you decide how much your college education is going to cost while giving you concrete information to help you know how long it will take to repay any loans. The first app is Borrowing for College. It is available for the iPhone, iTouch and iPad. What I found most interesting with this app is that it requires the student to contemplate the expected employment salary after graduation. It calculates the amount of money you need in three simple steps. First, input what you guess your starting salary will be in your future career. Next, estimate what percentage of your paycheck can be used towards paying off the loan. Finally, add in the loan interest rate and term length. Assuming you will earn \$50,000 and intend to use 10% of that to reduce your loan payments, over ten years your monthly repayment amount will be \$416.00 at the standard student loan rate of 6.8%. With this calculation, you wouldn't want to exceed a loan of more than \$5,000 annually.

Now you probably would like to know what the actual cost of your loan will be. The second and equally helpful app, available only for the Android, is called the Student Loan Calculator by Business Compass. This app also needs only three pieces of information and definitely makes you think twice before assuming loan debt. The app requires input of the term, loan balance, and interest rate. For a student who needs \$60,000, the monthly payment is almost \$700.00 per month at the standard 6.8% interest rate. Over the ten year lifetime of the loan, a total of \$85,000 will be required to complete the repayment. Paying that extra \$25,000 may encourage students to forget the loans and instead apply for grants and scholarships.

According to the University of California web site, (<http://www.universityofcalifornia.edu/accountability/index/3.7>) currently, 27.5% of University of California students graduate with twenty to over thirty thousand dollars of debt. These apps really give us ammunition to realize the amount of money we need for school and the salary we must attain to repay any loans. Information is power and could keep you out of student debt.

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