Funding Post Secondary Education: Loan Alternatives

ZOOM IN, ZOOM OUT, DECIDE, FUND, EXECUTE, REVIEW

ZOOM IN
What has the Lord revealed to you about post secondary education? What is the primary goal? What will you study? Where might you go? When might you start? Where might you live? What if you took a year off? These are merely a few questions to help consider the full effects of the decision to attend college.

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ZOOM OUT
Stage one placed the issue under the spotlight. Step back, look at the big picture, consider likely results of different paths. Don’t consider funding. The main goal of this section is to ensure you look at the bigger picture.

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DECIDE
You have two basic decisions. The first concerns whether you should study: What? Where? When? Why? The second deals with funding the decision to study. In this section, look at the first decision only. Always separate what you need to do from how to pay for it.

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“...children are not obligated to save up for their parents, but parents for their children.”
(2 Corinthians 12:14 -ESV)

In Canada and the United States, governments provide tax-efficient means for parents to save for students’ post secondary education (later called college education). Fifty percent of Canadian parents save for their children’s college education. In the USA, sixty percent of students borrow to attend college. According to a recent study of young adults between 22 and 32, more than half financed their education with student loans. Fifty-four percent say debt is their biggest financial concern with 42% calling it “overwhelming.”

Many parents expect children to use student loans to fund college education. Several of these parents argue that children work harder and do better when they pay their own education costs. Probably, these parents hold this view because like most of us, they did not teach their...
Funding is a distinct but important decision; review sources only after need identified.

children good stewardship according to Proverbs 22:6 and Deuteronomy 6:4-9.

“Hear, O Israel: The Lord our God, the Lord is one. You shall love the Lord your God with all your heart and with all your soul and with all your might. And these words that I command you today shall be on your heart. You shall teach them diligently to your children, and shall talk of them when you sit in your house, and when you walk by the way, and when you lie down, and when you rise. You shall bind them as a sign on your hand, and they shall be as frontlets between your eyes. You shall write them on the doorposts of your house and on your gates.” Deuteronomy 6:4-9 (ESV)

We should not expect our children to be prudent and behave as good stewards when society promotes poor stewardship, and countless parents succumb to societal pressures. Numerous high school students tell me a credit card is something used to get what people want when they can’t afford it. Borrowing to fill a casual want is normal, these students say; that’s what they see. Borrowing to go to college is normal, too, and it sets the stage for the victim mentality.

What are potential sources to fund college education when parents or guardians do not save? Scholarships, bursaries, grants, earnings, loans.

You are 18-19 years old, wanting to enter college, but broke; what do you do? I suggest if you follow Jesus, you need to know whether He wants you to go to college, now. Therefore, the first step is to seek Him—not my will, but His. Too often, folks rush to borrow because society expects a certain path—graduate from high school then off to college irrespective of circumstances.

When the Lord indicates you should attend college, zoom in, zoom out, decide, fund, execute, review.

Zoom In - Under The Microscope

What has the Lord revealed to you about post secondary education? What is the primary goal? What will you study? Where might you go? When might you start? Where might you live? What alternatives exist to achieve your goal? What if you took a year off? These are merely a few questions to help consider the full effects of the decision to attend college. Be as precise as feasible; however, don’t consider funding sources yet. Look at whether you should study, where, why, when, costs, but not how to pay. That’s for later. Learn to separate basic analyses of what, when, why, where, how, from payment.

As you pray, remember, God is a God of details and will show you His goal. Be open to Him. Don’t start with preconceptions. Especially, don’t let incomplete knowledge of non loan alternatives influence your thinking.

The first pass of this phase might show different paths. For each, ensure you write a goal, plan, and budget. Exodus 3:10 and 12 show a model goal—clear, complete, concise, calculable.

Zoom Out - A Helicopter Ride

Stage one placed the issue under the spotlight. Now, step back, look at the big picture, consider likely results of different paths. I repeat: presently, don’t consider funding.

If an option will include moving from home, consider your likely future lifestyle. You will be on your own, providing for yourself. Will you cook? Can you cook? You might need to grocery shop, do laundry, clean your apartment. These activities need time, effort, and funds.

How disciplined are you working on your own? You don’t have to figure everything out today, but identify specific learning needs and start addressing them now.

The main goal of this section is to ensure you look at the bigger picture to try to understand broadly, potential effects.

Decide - What To Do

You have two basic decisions. The first deals with whether you should study: What? Where? When? Why? The second concerns funding your conclusion to study. Here, look at the first decision only. I repeat, in all decisions, separate what you need to do from how to pay for it. If you don’t, you become stymied and the perceived
Doors open and doors close. Not everything positive or negative is a ‘sign’ from God

lack of funds will restrict options and might lead to procrastination.

Funding is a distinct but important decision you should examine only after you determine a need. Don’t worry, this entire process is iterative.

So, how do you decide whether you should study now? Be open to God’s Spirit and don't be deterred by a lack of funds. Be consoled by Scripture. Every time God called someone to do something He gave him what he needed: Abraham, Moses, Joshua, Paul. Recall Proverbs 19:21: it’s the Lord's purposes that will prevail, not our plans. Set aside your goal, your dream, and seek the Lord's direction. When we adjust our lives to His way, His goals become our goals (Psalm 37:4). Stay in the Word and listen for His guidance.

Many people believe if they wait long enough they might know the right decision. They do not understand that procrastination is an important decision; a decision to do nothing. These folks do not grasp active decision; a decision to do nothing. They do not understand that waiting long enough they might know the right decision. When we adjust our lives to His way, procrastination is an important decision. As you review the results of your financial planning, you might find funding with strings such as a requirement to relocate and work in a specific location for a set period after graduation. As will all decisions, ask the Lord to guide you. If after this extensive search you have a budget gap, if feasible, seek work opportunities to fill it.

Still, if there is a gap and you sense you should take a student loan, consider it a business loan and write a business plan. Reflect on these key issues for that plan:

• The planning period starts with the first commitment and ends when you are likely to be debt free except for a mortgage.

• Cash flow estimates: When you don’t know specific income and expense amounts, consider the most likely, least likely, most realistic estimates, and use the last.

• Income sources: Show expected amounts you will get from loan sources, grants, savings, and employment.

• Aids: Read chapter 19, Writing Your Personal Financial Plan, of The New Managing God’s Money—The Basics and use this financial planning calculator or similar tool to help with the numbers.

As you review the results of your business plan reflect on these seven essential questions:
Children must lean on the Lord, seek His direction for post secondary education

1. Do you believe you surrendered the decision to study now to Jesus?
2. Have you been waiting actively and sensed God’s guidance?
3. Have you absorbed the estimated amount owing at graduation as shown in the business plan?
4. Do you understand this projected loan balance at graduation might cause you to be in debt for several years? It could prevent owning a home and other assets for a long period? Typically, folks ignore this consideration and become victims on graduation; they blame everyone but them for their student loan burden.
5. Have you spoken to a recent graduate about her experience funding her college education?
6. Is this the most effective use of resources today?
7. What if you delayed at least one year?

Execute

Whatever the decision, do it and note major assumptions and specific areas to monitor before and at the end of each semester.

Review

Try to avoid auto pilot—doing what you started even when events change significantly. To see whether you are doing what was intended...and doing it effectively, review regularly where you are against goals, business plan, and spending. Pray continually; seek the Lord fervently throughout.

If not on plan and in budget, find out why, and the likely effects at graduation. Implement lifestyle changes to get back on target and review commitments to ensure you will be able to carry them out effectively. If you won’t meet commitments, take needed steps to do what’s right in God’s sight to folks involved with these commitments.

Conclusion

Separate the decision to study from the decision to finance your study. Listen for God’s call on your life. Whom He calls He equips in His time and in His way. A lack of funds to go to college could be a sign you should wait on the Lord. Even so, available funds do not necessarily suggest you should attend college now.

Second Corinthians 12:14 tells us “...children are not obligated to save up for their parents, but parents for their children.” We can apply this principle to college education. It is essential parents teach and practice good stewardship diligently for their children to see (Proverbs 22:6, Deuteronomy 6:4-9). This includes teaching them to give, spend, and save for college education. If parents won’t or can’t save, they should tell the children early.

Children must lean on the Lord and seek His direction for life, including post secondary education. When parents plan their children’s college education journey under God’s direction, and involve their children early, it can be a blessing. An effective process entails timely and steadfast research under God’s direction for scholarships, bursaries, and grants, and maintaining a Capital Fund.

Student loans are a burden; however, demanding governments forgive them does not tackle the real issues: forging debt provides a platform for more debt. It does not deal with the value of a university education today: the cost versus the benefit.

People say the reason to forgive loans is to teach students responsibility by holding banks accountable for loans students contracted. President Obama once said about student loan, “Just because someone borrowed a bunch of money doesn’t mean they have to pay it back.” Is this a responsibility lesson for students? The president did not tell students they made a choice and when the government repays these loans it will impose taxes.

Writing off student loans is not the answer. Society must evaluate its views on borrowing, and exalting university education over needed trade schools education.

Trade jobs remain unfilled because of insufficient qualified people while university graduates are unemployed! Let’s stop pressuring children to go to university when they want to work in the trades!