

Paying for Law School

Law School Cost

Law school is expensive. Tuition alone can range from a few thousand dollars to more than \$50,000 a year, depending on the school. When calculating the total cost of attending law school, you must also include the cost of housing, moving expenses, food, books, transportation, and personal expenses.

Funding Options

There are six ways to fund your legal education:

1. Paying for everything out of your pocket

Most students don't like the idea of using their own money to pay for law school. After all—why pay when you can take out student loans? You definitely want to set aside an emergency fund; however, the rationale for borrowing as much as you can simply because it is available is shortsighted at best. Outside of scholarships, the money you receive will need to be paid back, and student loan interest rates range from 6.8% and higher. Think about it this way—the \$200 smart phone you buy with your loan money actually costs \$245.

2. Earn scholarships from the law school based on merit or need

Typically, a law school will inform a merit scholarship recipient of the award when notifying the student of acceptance to the school. Usually no extra forms are required at the time of application; instead, by submitting your application you are also submitting an application to be considered for a merit-based scholarship. Some schools, however, require more information for you to be considered for either a merit-based or need-based scholarship. The school will typically send you a scholarship packet to be completed and returned once you are accepted to the school.

3. Federal student loans

There are two primary federal loan programs available to law students: Federal Direct Unsubsidized Loans and Federal Direct PLUS Loans.

- **Federal Direct Unsubsidized Loans:** These loans currently have a fixed interest rate of 6.8%. Repayment begins six months after graduation, and you have the option of taking 10 to 25 years to repay these loans. No credit check is required; however, you can only borrow a total of \$20,500 per academic year. These loans are not based on financial need and the interest is NOT paid by the federal government at any time. Interest begins to accrue as soon as the funds are disbursed to your school. You have the option to pay the interest as you go or allow it to accrue while in school. The unpaid interest will be capitalized (added to the principal loan balance) when the loan enters repayment. Repayment begins six months after you graduate or withdraw from law school.
- **Federal PLUS Loans or Grad PLUS Loans:** If you max out on Federal Stafford Loans and are still short, you will then want to consider applying for a Federal PLUS Loan. These loans have a fixed interest rate of 7.9%. You must satisfy a credit check to attain this type of loan. These loans go into repayment as soon as the funds are disbursed. However, they are automatically placed in an in-school deferment as long as you're enrolled in school at least half-time. During any period of deferment interest will accrue and be added to the principal loan balance.

4. Law School Student Loans

Many individual law schools offer education loan programs. Eligibility for these loans may or may not be based on financial need. These loans have limited amounts and are usually only available after utilizing the federal student loan program. Each school is different, thus, you will need to contact the financial aid office of your school to determine if this is a funding option.

5. Private Student Loans from National Student Loan Organizations

If you still are struggling to meet the difference between the funding you have secured and the cost of your education, a private loan may be necessary. Private loans are administered from various student loan organizations and have the highest interest rate and a large penalty if defaulted. If you need a private loan, first contact your law school's financial aid office to see if they have a preferred lender.

6. A combination of all (or some) of the above

Applying for Loans

Often funding is available on a first-come, first-served basis. Thus, you want to make sure you have done everything you can as soon as you can:

- The most important thing you can do is complete your federal income tax return as soon as possible after January 1 of the year you plan on entering law school. You do not need to file your tax return that soon, but the information on your return is necessary to complete the Free Application for Federal Student Aid (FAFSA) form. Many schools have deadlines in February or March to receive the FAFSA information.
- Contact the schools you're considering attending to make sure you have all the required scholarship applications and that you know their deadlines (often this information is available on their website).
- Contact the financial aid office of the law schools you are considering attending and ask if they have a list of programs that have funded current and former students.

Financial Aid Action Plan

1. Figure out how much you can pay towards your education without borrowing anything.
2. Be clear on how much your education is going to cost (tuition, housing, books, living expenses, etc.).
3. Complete your federal tax return as soon as possible after January 1.
4. Submit your FAFSA.
5. Submit any required school applications for financial aid (law school specific).
6. Apply for scholarships and grants (generally law school specific).
7. Apply for federal student loans.
8. Plan and begin a monthly budget.
9. Pay down (or off!) any debt before starting law school.
10. Save as much money as possible before school starts.
11. Check your credit report at annualcreditreport.com.
12. Set up a record-keeping system to track the money you will need to pay back.

Borrowing Less = Less to Pay Back

You graduate, find the job of your dreams, and then what happens? A few months down the road you have to start paying back your student loans. Remember, you'll be repaying those loans with your **future income**, and you'll have plenty of other uses for that income. If you live like an attorney while you're in school, you'll likely be living like a student once you graduate! The key to reducing what you have to repay is minimizing your spending while in school.