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FIVE THINGS YOU SHOULD PAY FOR WITH STUDENT LOANS (AND 5 YOU SHOULDN'T)

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In general, federal student loans and school-certified private student loan amounts are based on your cost of attendance, which is determined by your school. Loan funds are disbursed to the school first to pay tuition, fees and room and board, and any additional funds will be provided to you to cover other education-related expenses.



A bank account flush with new student loan proceeds can be tempting to tap. It's important to get a better understanding of what your student loans are meant to cover before you start using those funds.

Here are five things you can use your student loans to pay for.

1. Tuition and Fees

Generally your largest education-related expense, tuition and fees cover the basic costs of enrollment at your school. These costs vary widely, ranging from an average of around \$3,300 per year at a public two-year college to more than \$30,000 at a private four-year college, [according to the College Board](#). In reality, most students will pay less thanks to financial aid and scholarships.

2. Housing Expenses

Whether you live in a dorm or an off-campus apartment, you can use your student loans to pay for housing and related expenses (e.g., utilities). Living expenses can also vary greatly depending on where you live and whether you attend an urban school (where housing tends to be more expensive) or a rural school.

3. Transportation

It can be expensive getting to and from school, but student loans can help. Use the proceeds to cover a parking pass, gas expenses, public transit costs or a flight home during breaks. Not keeping a car on campus, carpooling and using a bike or other alternate forms of transportation can help you save on these costs.

4. Meals

Student loans can cover your meal plan and other food expenses during college. There are often several types of meal plans offered from commuter meal plans to plans for students living on campus full-time. Be sure to look at the options closely and be realistic about what will work best for your eating habits.

5. Textbooks and Supplies

Student loans can be used to buy textbooks, a computer and other required supplies and equipment for classes. To help stretch your student loan dollars, it's best to look for used books and refurbished electronics to keep costs down. You can also talk to your professors at the beginning of the term to see if you can buy earlier editions of a textbook and determine other ways to help reduce classroom costs.

While you won't have to provide your lenders with receipts to show how you spent the money, you did promise to use the loan funds to pay for education-related expenses when you agreed to the loan terms. Remember that you'll eventually have to pay back your loans—with interest—so be judicious about how you spend your money. Here are five things your student loans should not cover.

1. Spring Break

If you can't afford to cover the cost of a trip to Cancun without tapping into your student loans, then you should rethink your spring break plans. Consider exploring your city instead, or using your time off to get a jump on summer internship applications.

2. Eating Out

Everyone gets tired of eating in the dining halls day after day, but going out to restaurants on a regular basis can add up quickly. If you have access to a kitchen (or even just a microwave), consider cooking some of your meals to add variety into your diet, and save dining out for special celebrations like acing that physics midterm.

3. Dorm Room Accessories

No matter how badly you want to deck the walls with posters and warm up the room with an area rug, these purchases are not "necessities." Instead, you can save money and hone your DIY skills by finding creative (and inexpensive) ways to inject some character into your room.

4. A New Car

Just because you need to get to and from campus doesn't mean you need fancy new wheels to do it. Stick with your current vehicle or look into mass transit and other alternative transportation options to keep costs down.

5. A Wardrobe Upgrade

You shouldn't be buying apparel with student loan money. If you're sick of your closet's contents, host a clothing swap with friends to score some new threads without damaging your bank account.

If you want to spend money on dorm room accessories, a nice meal out on the town or a new outfit, consider getting a part-time job or saving your money from a summer gig to cover the additional expenses. The more you can reduce your expenses, the less student loan money you will use. This savings translates into smaller loan payments and more money in your wallet after graduation.

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