The Impact of Law Student Loan Debt

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Student loan debt has become a massive problem for all students, but for recent law graduates — it’s a crisis bearing down on them. Law student loan debt is already some of the highest in the country, with recent projections from the ABA claiming that 90% of early-career lawyers have student loans averaging $130,000. The impacts of this debt are far-reaching, and often inhibit recent graduates from many milestone events such as buying a house or starting a family.

Despite temporary relief efforts, and with many organizations continuing to advocate for further help, many students will be forced to reconsider significant life
decisions should the student loan crisis not be handled. What is student loan debt really like for recent law students?

**The Price Of Knowledge**

The debt that law students face is immense. Upon graduation, most law students walk away with **three times the national average student loan debt**.

According to recent studies by the ABA, **70% of respondents** owed over $100,000. But that number can be **higher than $150,000** for many recent graduates. By the time they pass the bar, **1 in 4 students owe over $200,000 in debt**.

There are a number of factors at play that produce such staggering numbers. Of course, where you go to school plays a major factor in the amount of debt you owe. Then, just like every loan, the amount students ultimately end up paying is much more than the original amount they borrowed. With interest rates of 6-8%, that debt can be more than overwhelming. That means **the average monthly payment is $1,854 with a total of $70,000 interest during the lifetime of the loan**.

That much debt is sure to affect anyone.

**Making It Worth It**

Why one pursues their degree is up to each student to reflect upon. For the students who are fortunate enough to get their dream job and the perfect salary directly after graduation, overcoming this mountain of debt is a bit easier.

But how many students land a job in their desired field and how has that number changed since COVID?

Jeffrey Hanson, a financial aid consultant for the Law School Admission Council, was recently asked his opinion. He recommends that instead of identifying schools that provide the best scholarships, law students should focus on schools based on which will provide the best job opportunities.

Hanson went on to explain that, “Not all schools are going to give you the same opportunity,” implying that taking the higher debt created by a top-tier school may be a better choice, calling it an “education mortgage.”

**The Effect Of Student Debt**

Starting life and a new career with that much debt has impacted new attorneys. Not just on their moods and their plan for the future, but in their lives, mental states, and families.

But knowing what to expect could help you prepare for it—and possibly avoid its toll.

**Mental Weight**

Almost **90% of all early-career lawyers** have a student debt of $130,000. Having that
much debt looming over your head can have adverse effects on mental wellbeing.

Many new lawyers report feeling depressed or hopeless as a result of this debt. As many as 3 in 4 of them also report suffering from high anxiety and stress due to the feeling that they’ll never finish paying off their debts.

**Adapting Decisions**

This debt is also causing many new lawyers to rethink their lives. Around half of those surveyed by the ABA decided to postpone or forego having children. Another quarter of them chose to put off plans to get married.

Student loan debt is also impacting their purchasing decisions, even of basic needs. Over 50% of those surveyed reported putting off or giving up their vacations. They’ve also opted to put off buying necessities such as a house or car.

**What Debt is Doing To Jobs**

COVID-19 has had a massive effect on the job economy. A lot of graduates are being forced to rethink their careers before getting started. Being able to make a difference in public service inspired many law students to enter the field, but many graduates are changing their vision after graduation — rethinking their purpose and looking for opportunities that can help them get their loans paid back faster.

37% say they’ve ended up rethinking previously less desirable jobs and instead, are pursuing ones with higher pay to pay back their loan faster. Others are seeking debt relief and choose jobs that qualify them for loan forgiveness. But remember, changing your purpose doesn’t have to add to your stress.

**Getting Ahead On Debt**

A lot of new lawyers lose hope that they’ll get rid of their debt. But there’s no reason to — the situation isn’t all hopeless. There are many organizations, such as the ABA, doing what they can to help. There are also some helpful strategies that can make loan repayment more manageable.

**Refinancing**

Interest rates for federal student loans are standardized. They can range from 6% up to 8% on average but that quickly adds up to a large sum of interest over a ten-year term.

In most cases, lawyers with good credit and income can borrow from private lenders. These lenders provide them with a broader array of payment and financing options. For some, even a chance to cut their interest rate in half. This option can save lawyers thousands of dollars in interest.

**Qualifying For Forgiveness**

For anyone that took a federal student loan, there are paths for debt forgiveness but
new lawyers will have to compare the available options to find the right plan for them.

For lawyers working in government or select nonprofits, Public Service Loan Forgiveness may be an option. If they meet the requirements, the remaining debt could be forgiven but only after ten years of payments.

Choose A Repayment Plan

Another way to make student debt more manageable is repayment plans. There are many offered, but most are circumstantially based. Most of them are based on yearly income but offer relief to those who qualify. These plans can potentially provide lower payments and a lower interest rate.

Breaking Free Of Student Debt

Law student loan debt is a massive burden for new lawyers. For many of them, it can rob the passion out of the career they chose but it doesn’t have to leave them hopeless.

There are many different options for making the debt more manageable and a lot of organizations are urging the government to help. So, there are plenty of reasons to remain optimistic about the future of student loan debt for lawyers.

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