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The latest numbers on student debt in the U.S. are not pretty.

- **70 percent** of 2017 college graduates left school with loan debt<sup>1</sup>
- **\$39,400** average total student loan debt amount<sup>1</sup>
- **\$351** average monthly student loan payment<sup>1</sup>

What's more, studies show 73 percent of millennials are in debt...

- **68 percent** report debt has negatively impacted their life<sup>2</sup>
- **46 percent** get anxious at the thought of paying off their debt<sup>2</sup>
- **88 percent** cite financial decisions as a source of tension in their relationships<sup>2</sup>

Young CPAs aren't immune to shouldering massive amounts of debt.

### WHAT CAN YOUNG CPAs DO?

- **Budget:** "The number one tool you can use to manage debt is a budget," Thomas said. "It's easy to get at your fixed expenses, like your cell phone, car insurance, student loan and rent. Let's say you're taking home \$5,000 a month and your fixed expenses total \$3,500—where are you spending that \$1,500 of disposable income?"

There are some great apps available, like Mint, that can help young people put a budget together. The key is to track where you're spending your disposable income for six months in order to see trends. You buy coffee at Starbucks, \$150 on concert tickets, \$100 on jeans... Once you start tracking your spending, you'll know where to cut back on in order to pay down your debt. A simple change in your spending habits can help free up money that enables you to pay down your debts.

- **Refinance:** It makes sense to refinance your student loan if you can lower your

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loans and credit cards. Paying down your debts with the highest interest rates first can save you money in the long run.

- **Avoid Late Fees:** Paying your bills on time is a good habit to get into. Paying late only means wasting money on fees. Paying on time can also help your credit score, which will help qualify for the best interest rates.
- **Set Savings Goals:** If you want to go on a trip to Europe, instead of putting \$5,000 on your credit card, plan ahead. Save the \$5,000, then go on the trip. You'll save money on interest charges.
- **Use Your Bonus Wisely:** If your firm gives you a bonus, instead of using it as a down payment on a new car (and taking out a car loan for the balance), use some of that money to pay down your debt.
- **Create a Cash Fund:** If you don't have one already, create an emergency fund for unexpected bills. "If you have a \$2,500 health plan deductible and are involved in a skiing accident that results in a \$10,000 medical bill, if you don't have the money set aside in savings, that \$2,500 is going on your credit card. That's a disastrous cycle to get into," said Thomas.
- **Develop Financial Discipline:** "As a CPA, you might be financially savvy, but debts can cause anxiety and a sense of not knowing where to start to tackle the challenge," said Thomas. "Being financially disciplined by understanding your finances, having a budget, having financial objectives—that's how you create a stress-free financial life."

<sup>1</sup>"A Look at the Shocking Student Loan Debt Statistics for 2018," [Student Loan Hero](#), May 1, 2018.

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