

Two Examples – How to Use the Debt Salary Wizard

Example 1: Political Science major, half way through the program. Student plans to borrow the same for the last two years as he did for the first two years. What should his income be in order to pay his student loan off over 10 years?

Debt Wizard	
<b>How much can I afford to borrow in student loans based on a certain salary?</b>	<b>How much salary do I need to support my student loan debt?</b>
Expected salary: <input type="text"/> Hourly <input type="button" value="v"/>	Current amount borrowed: <input type="text" value="15000"/>
Interest rate: <input type="text" value="6.8"/>	Future borrowing needs: <input type="text" value="15000"/>
Repayment period: <input type="text" value="10"/> (years)	Interest rate: <input type="text" value="6.8"/>
	Repayment period: <input type="text" value="10"/> (years)
*Do not enter dollar signs, percent signs or commas.	*Do not enter dollar signs, percent signs or commas.
<input type="button" value="Clear"/> <input type="button" value="Calculate"/>	<input type="button" value="Clear"/> <input type="button" value="Calculate"/>

Debt Wizard
<b>Question:</b> How much salary do I need to support my student loan debt?
<b>Answer:</b> Based on student loan debt of \$30,000.00 to be repaid over 10 years at 6.8 percent interest, my estimated monthly payment is \$345.24.  To support repayment of the debt, I should earn at least: \$24.90 Hourly \$4,315.51 Monthly \$51,786.15 Annually
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Excerpt from website: <http://www.forbes.com/sites/susanadams/2012/04/12/college-degrees-with-the-highest-starting-salaries/> “While humanities and social science majors have the least lucrative starting salaries, those who major in political science earn the best, starting at a median of \$38,000. The biggest employer for humanities grads? The education services industry, with an average starting salary of \$38,000.”

Student needs to consider:

If my starting salary is \$38,000 a year that means my monthly income will be \$3,166 (before taxes). I will have to set aside \$345 per month for my student loans, that's 11% of my income. Can I do that? The debt wizard website recommends student loan payment be no more than 8% of gross earnings, I'm 3% higher than that. These next two years I'd better borrow less.

Source: Visit <http://mappingyourfuture.org/paying/debtwizard/>

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**SIUE Bursar's Office**

Two Examples - Debt Salary Wizard

Example 2: I am an incoming freshman. I think I want to be a nurse. My mom is a nurse and she makes \$60,000 a year. If that will be my salary after graduation, how much can I afford to borrow over the four years I'll be at SIUE?

Debt Wizard	
<b>How much can I afford to borrow in student loans based on a certain salary?</b>	<b>How much salary do I need to support my student loan debt?</b>
Expected salary: <input type="text" value="60000"/> Annually <input type="button" value="v"/>	Current amount borrowed: <input type="text"/>
Interest rate: <input type="text" value="6.8"/>	Future borrowing needs: <input type="text" value="0"/>
Repayment period: <input type="text" value="10"/> (years)	Interest rate: <input type="text" value="6.8"/>
	Repayment period: <input type="text" value="10"/> (years)
*Do not enter dollar signs, percent signs or commas.	*Do not enter dollar signs, percent signs or commas.
<input type="button" value="Clear"/> <input type="button" value="Calculate"/>	<input type="button" value="Clear"/> <input type="button" value="Calculate"/>

Debt Wizard
<b>Question:</b> How much can I afford to borrow in student loans based on a certain salary?
<b>Answer:</b> Based on a salary of:  \$28.85 Hourly \$5,000.00 Monthly \$60,000.00 Annually
I should borrow no more than \$34,758.33.
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Student needs to consider:

My mom has been a nurse for a long time, I better look at what starting salaries are for a nurse. My mom says \$22.00 per hour is starting salary at her hospital. Wow, that's a big difference. I better figure out how much I really need to borrow. Once I graduate I want a new car and my own apartment....