

DROWNING IN STUDENT LOAN DEBT?

BLACK MILLENNIALS SHARE KEYS TO FINANCIAL FREEDOM

By Laura Onyeneho

Joanne Pierre-Louis dreamed of pursuing higher education and building a successful career, but like many young Americans, she faced the daunting reality of student loan debt. Armed with ambition and determination, she embarked on a journey to tackle her financial burden head-on, determined to free herself from debt.

For Pierre-Louis, 38, the road to financial freedom was paved with discipline and sacrifice. After graduating from Ohio State University with over \$100,000 in student loan debt in 2011, she knew that paying off her loans would require a strategic approach and unwavering discipline. Over 13 years, Pierre-Louis diligently chipped away at her debt, making consistent payments and prioritizing her financial goals.

"I graduated with a degree in sociology, but I didn't know what I wanted to do after I graduated with it. I got a job in finance working as a mortgage loan officer for JP Morgan in Dallas for a \$45,000 salary," she said. "I had to pay rent, insurance, buy food, and soon realized that this salary was nothing, especially when my student loan payment was \$800 [a month]."

Repayment challenges

Her journey was not without its challenges. Pierre-Louis faced setbacks and obstacles along the way, navigating a job layoff, packing her bags, and moving back home with her family to figure out how to tackle the debt. She considered herself privileged to live at home and save on significant expenses, which helped her make large payments over time.

"My federal loans were about \$5,000; the rest were private. There were no refinance options, and interest rates were at 8.9% and growing every day, so I had to pay them, even during COVID," she said. "I eventually hired a career coach to find ways to make more money, and I got an almost \$40,000 pay increase. Over time, I eventually cracked six figures, but I had to be disciplined enough to pretend I was making \$50,000 or living way below my means to pay off debt.

She took on a full-time job, a part-time job at Macy's, and her makeup service as a side business. She aggressively paid between \$1,800-\$2,400 a month, not including other expenses. Now, she is \$10,000 away from being debt-free.

"I plan to pull \$5,000 for my retirement and \$5,000 from my savings, and I'll be done in April. Mind you, I did this while



“I encourage people in college to research the return on investment on their degrees”

JOANNE PIERRE-LOUIS

Joanne Pierre-Louis is \$10,000 short from paying off over \$100,000 of student loans debt. Credit: Joanne Pierre-Louis

still having a life, traveling, and enjoying my hobbies," she said. "Also, being a Black single woman making six figures with a bachelor's degree, I have no interest in getting a master's. But I encourage people in college to research the return on investment on their degrees."

Struggles of paying off private student loans

Many Black millennials have taken proactive steps to tackle their student loan debt and achieve financial stability in recent years. From budgeting and saving to strategic debt repayment strategies, these individuals leverage their resources and ingenuity to overcome financial obstacles and build brighter futures.

During President Joe Biden's recent State of the Union address, he noted that four million people received federal student loan forgiveness since he took office and is working on a new plan that could expand relief even more. Unfortunately, many people, like elementary



Daniel Kemper

school educator Daniel Kemper, have private loan payments, which aren't eligible for income-based repayment plans.

Borrowers collectively shoulder \$128 billion in private student loans, which make up 7.3% of the \$1.76 trillion student loan market. Private loans are rarely forgiven. That only happens when you are permanently disabled or dead.

Kemper graduated from New York University in 2009 as a theatre major with \$75,000 in student loan debt. He wanted to be an actor, but he soon realized how difficult achieving that goal would be.

He didn't have any jobs lined up, and even though his parents supported his dream, they couldn't help him financially. So he applied to multiple temp jobs and stomped the pavements, handing resume copies to employers.

"I worked about three part-time jobs. I was under a graduate repayment program paying \$350, but as soon as it ended, it blew up to \$800 a month, and I just didn't have it," he said. "I ended up consolidating my loans to give me a lower interest

rate and payment."

He has made progress. He owes about \$30,000 on his debt and predicts it will take him nine more years to become debt-free.

"Any extra money I get, I throw it at the loan. Monetary gifts and tax returns, too," he said. "I'm at the point where I can safely budge around these things."

As a married man with hopes of growing his family, conversations about money with his spouse are a top priority for him. They discussed their relationship with money, management, and career advancement goals.

"Transparency is key. We broke down the numbers, how much we needed to start a family, and learned what we could do differently," he said. "I've been teaching for more than 10 years as a placeholder for when I could finally quit my job to get into entertainment, and my wife advised me to treat my position like a career and take on more responsibilities and ask for more pay. It was the best decision."

Here are the action steps to consider when paying off student debt:

Pay more than the minimum due

Interest and fees make up most of the minimum payment for student loans. That implies that the principal—the total amount you borrowed—will only receive a small portion of your funds. Furthermore, interest and fees will accrue over an extended period if the principal is unpaid. Without significantly reducing your actual debt, you can end up paying hundreds of dollars in interest over time.

Keep expenses as low as possible

Continue living on a budget, even if you have an increase in income. Lifestyle inflation can have significant impacts on your finances and expenses over time. It might lead you to prioritize immediate gratification over long-term financial security. If you lose income, such as from a layoff, you might find yourself without savings to fall back on.

Get a side hustle

Getting a second job to supplement your income can help if you're having trouble paying off debt or want to pay off your balances more quickly.

Make biweekly payments

Change the payment schedule from automatic monthly to automatic biweekly. Paying every two weeks results in 13 payments annually as opposed to 12. This makes it easier to pay down your student loan burden quickly without realizing it.