

## **Paying for Law School**

Law school can be expensive, and smart law students make themselves knowledgeable about the financial aid process and about personal finances. Law school is an important investment in your future, so it is critical that you become a wise investor.

Throughout your undergraduate career, you should spend money wisely and pay your bills on time in order to ensure a clean, positive credit record. You will need good credit to obtain private loans for law school.

Remember, what may seem like small cost savings can quickly add up. If you reduce your monthly expenditures and spend \$100 less each month during your undergraduate career, you could be \$5,000 better off when you begin law school.

It is important to think about your post-law school goals. Your law school debt will claim a significant portion of your income as a lawyer. If you are interested in working in a government or public interest job, your salary may not be sufficient to repay a significant amount of debt. To keep your debt to a minimum, consider less expensive, state-supported law schools, or law schools that might consider you for a merit scholarship or grant. Research law school loan repayment assistance programs (commonly known as LRAPs) that help law school graduates working in public interest law repay their education debt.

### **Sources of Funds**

#### ***Gifts***

Gift money is funds that have been given to you and do not need to be repaid. This includes grants and scholarships. There are no federal grants for law school as there are for undergraduate school. Some states and certain schools do provide limited grant money.

Some families are also able to help their law students with expenses.

#### ***Loans***

Loans for law school can be Federal Stafford Loans, institutional loans, or private loans (sometimes called “alternative” loans). Currently, the maximum annual Federal Stafford Loan amount (with combined subsidized and unsubsidized loans) is \$18,500. This amount will cover the tuition and fees at some institutions. However, if you anticipate needing to pay more than this amount, you may need to borrow private loans. Many private lenders will lend you an amount up to the maximum financial aid budget at your school. Be aware, though, that your credit is a very important factor in securing private loans. If your credit is not good enough, you may need a cosigner for your loans.

#### ***Earnings***

During your first year of law school, there are restrictions from the American Bar Association on the number of hours you can work per week. Some students are awarded

College Work-Study, which helps them obtain jobs at their school. After your first year of law school, you may obtain summer employment, as well as employment during the school year. This can help you reduce the amount of money you will need to borrow.

### ***Frugality***

It is often said, “If you live like a lawyer in law school, you will live like a law student once you graduate.” Frugality can be your best friend. Remember, just because your school estimates living expenses for the school year at \$1,000 per month, that does not mean you have to spend that much (or more).

## **How to Apply for Financial Aid**

### ***Apply for law school as early as possible.***

Read information from each school about financial aid and scholarship programs. Some schools have separate scholarship applications for some or all of their scholarships, while others utilize your law school application. Schools also vary in how they distribute their own financial aid funds; many law schools use merit-based criteria (e.g., GPA, LSAT, and other accomplishments) to award their institutional aid.

### ***Complete your FAFSA as soon as possible after January 1.***

You cannot complete the FAFSA (Free Application for Federal Student Aid) prior to January 1. You will need your income information for the preceding year, and some schools request parent financial information for state and school programs. Parental income will not impact your eligibility for federal loans. You can input an estimated income for yourself and/or your parents if the federal tax return will not be completed until later in the spring.

**Note:** You do not have to be admitted to a law school to apply for financial aid at that school. You can list several law schools on your FAFSA.

### ***Know your deadlines!***

Some law schools have priority dates for submitting the information on your FAFSA. Students who submit their FAFSAs earlier have a better opportunity to obtain limited grant money. Information from your FAFSA may also determine your eligibility for certain need-based scholarships.

### ***Check your credit.***

If you will be borrowing private loans for law school, you need to order a copy of your credit report and verify that the information contained therein is correct. A private lender can deny your request for funds if your credit history does not meet their minimum standards. It may then be necessary for you to obtain a cosigner for your loans.

Free credit reports are available under a new Federal law through [www.annualcreditreport.com](http://www.annualcreditreport.com).

If you are ever denied credit, a free report is also available from the credit bureau that was the source of the information on which the credit decision was made. Credit reports and a credit score can be also obtained for a fee from the three major credit bureaus.

Equifax: [www.equifax.com](http://www.equifax.com)  
Experian: [www.experian.com](http://www.experian.com)  
TransUnion: [www.tuc.com](http://www.tuc.com)

***Be vigilant.***

Schools will ask for a variety of forms and records after they receive the information from your FAFSA. Keep handy a copy of your signed federal tax return and W-2 forms. Contact individual financial aid offices to find out their specific processes for awarding financial aid.

If you feel you have special financial circumstances, contact the financial aid office. This can be critical for law students who have been working full-time in the prior year or who have unusual medical or family expenses.

**Getting the Offer**

Once you have been admitted to a law school and have completed all the document requirements for the financial aid office, the law school can make you a financial aid offer. To determine your financial need, the law school takes the estimated contribution calculated by the federal government on your FAFSA and subtracts it from their estimated budget. The remaining difference is your financial need. Your need will be filled first with scholarships, then grants, then loans, and then work-study. If you need more funds than you are offered, you will need to contact the financial aid office about private loans and recommended lenders.

**Making the Decision**

Imagine that you have been accepted to three law schools, and you must now select the one that will be best for you. In addition to examining your finances, you should also factor in the school's reputation, its location, size, faculty, and its programs.

Use the following sample budgets and aid offers to help you think about the decision before you.

After completing your FAFSA, the government calculated an estimated contribution of \$3,000 per year. The estimated contribution may also be borrowed through an unsubsidized Federal Stafford Loan (if you're not borrowing more than \$18,500 already), or through a private loan.

**State School A**

Tuition/fees/books	\$11000
Living Expenses	10000
Total	21000
Contribution	3000

**Need:** 18000**Aid Package:**

Scholarship	\$ 9000
Stafford	9000

**Total loan first year:** \$ 9000**State School B**

Tuition/fees/books	\$12000
Living Expenses	9500
Total	21500
Contribution	3000

**Need:** \$18500**Aid Package:**

Grant	\$ 1500
Stafford	17000

**Total loan first year:** \$17,000**Private School A**

Tuition/fees/books	\$29000
Living Expenses	11000
Total	40000
Contribution	3000

**Need:** \$37000**Aid Package:**

Scholarship	\$28000
Stafford	11000

**Total loan first year:** \$11,000**Private School B**

Tuition/fees/books	\$26000
Living Expenses	14000
Total	40000
Contribution	3000

**Need:** \$37000**Aid Package:**

Grant	\$ 4000
Stafford	18500
Work-Study	4000

Unmet need: \$10500

Private loan: \$10500

Total loan first year: \$29,000

**Note:** Just because you are offered a loan for \$18,000, that does not mean you must borrow the entire amount. You may decide that you only need to borrow \$14,000. Borrow only what you need, and not more, to keep your debt low and your monthly repayment amount manageable.