

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. An excellent resource is the *E-Guide to Public Interest Law* at www.equaljusticeworks.org.

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 loans, institutional loans, or private loans. As of July 1, 2007, the maximum annual Federal Stafford Loan amount (including subsidized and unsubsidized loans) will be \$20,500. Additional federal loans are available through the Grad Plus and Perkins Loan Programs. Eligible applicants can borrow an amount up to the law school's Student Expense Budget through the federal loan programs. Private loans ("alternative loans") also are available for qualified borrowers. Be aware, though, that your credit is a very important factor in securing private loans and some federal loans. If your credit is not good enough, you may need a cosigner for the private loans. Interest rates, fees, and terms of repayment vary according to the loan program. It is wise to investigate carefully each option before making a final decision.

Earnings

During your first year of law school, the American Bar Association sets restrictions on the number of hours you can work per week. Some students are awarded Federal Work-Study funding, which helps them obtain jobs at their school. After the first year of law school, many

students obtain summer employment, as well as employment during the school year. This can help reduce the amount of money borrowed.

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 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 the law school application or the FAFSA. 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.

Because the FAFSA (Free Application for Federal Student Aid) requires tax information from the previous year, it cannot be completed before January 1. Income can be estimated on the FAFSA if the federal tax return will not be completed until later in the spring. Parental income is **not** considered in determining eligibility for the federal loans; graduate level students are considered “independent” for purposes of these loans. Some law schools do require parent financial information for their own institutional financial aid. **Note:** do not wait to be admitted to a law school to apply for financial aid at the school, unless the school so specifies. You can list up to 6 law schools on the FAFSA, and update this list with additional schools.

Know your deadlines!

Some law schools have priority dates for submitting financial aid information. Students who submit this information 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 each school’s web site to verify its financial procedures and deadlines.

Check your credit.

If you will be using Federal Grad PLUS or private loans for law school, order a copy of your credit report and verify that the information contained therein is correct. These loans may not be available if your credit history does not meet their minimum standards. It may then be necessary for you to obtain a cosigner for private loans.

Free credit reports are available under a new Federal law through 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

Experian: www.experian.com

TransUnion: 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, contact the law school financial aid office.

Making the Decision

Imagine that you have been accepted to several 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, programs, and placement success.

Compare the net of your projected costs at each school, including your tuition, fees, books, living expenses and transportation, offset by any offers of grants or scholarships you have received from the school. This net amount represents the amount you will need to make up through loans or personal funds.

Note: Just because you are able to borrow up to the amount of a school's Student Expense Budget, that does not mean you must borrow the entire amount. You may decide that you only need to take out a smaller loan. Borrow only what you need, and not more, to keep your debt low and your monthly repayment amount manageable.

Apply for the Loans

Once you have chosen your school, pay attention to important financial aid information that you will receive from the law school. Even though you have already completed the FAFSA and law school financial aid forms, **you must still apply for the loans!** Your law school financial aid office is an excellent resource to help you identify lenders who will process your federal loans, and private lenders if needed. Be sure to do your own homework to compare fees and repayment terms for all of your loans, using loan calculators available on various financial aid web sites (see Financial Aid Web Resources [LINK](#)). **Keep good records of all loan transactions.**

