

# Parents, Don't Co-Sign Student Loans!

Categories:

[Money](#), [Student Loans](#)

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## Parents & Student Loans:

A few weeks ago I received an e-mail from a reader who was curious about my take on parents co-signing student loans with their kids. The reader was considering co-signing for a large student loan so that her daughter could attend a very expensive private university. The mom asked me if I thought it was a good idea for her to co-sign for the loan with her daughter, as the school was her daughter's, "dream school" and she didn't want her to be disappointed if she couldn't afford to attend the school with savings and scholarships alone. Here's what I told her:

Short answer: NO!

Longer answer: "NOOOOOOOOO!"

Just kidding, my response was much kinder and hopefully much more helpful than that. All jokes aside, **I think that having your parents co-sign your loans (Parent Plus loans, private loans or otherwise) is a terrible idea.** Many of my friends' parents co-signed for their student loans and later regretted their decision to do so. Basically, they feel like they helped their kids saddle themselves with thousands of dollars in student loan debt when they, "knew better." The, "kids", who are not adults with kids of their own, regret bothering so much money and "dragging my parents down with me."

Strangely, many students (and their parents) are willing to sign up for tens (and hundreds) of thousands of dollars of [student loan debt](#) to help themselves "get ahead." They believe that student debt is, "[good debt](#)" and you can't get a good job without an expensive degree. Those people are wrong! But don't worry, I'm not just pointing the finger at you, I'm also pointing it right back at myself. I'm one of "those" people who borrowed [\\$30,000](#) to attend college and grad school. Today I'm incredibly thankful that my parents didn't co-sign for my [mistake](#).

## Just say, "No!" to co-signing student loans:

1. If your daughter can't afford to attend school without a co-signer, her school is too expensive!

I know school is expensive and I'd imagine that it's really hard to tell your child she can't afford her "dream school." But if the "dream school" is out of her (and your) budget, maybe she should consider attending a cheaper university? 20 years from now will it matter she went to Boston College or University of Massachusetts? I doubt it.

**2. Thanksgiving dinner tastes bad when you're, "playing bank".**

Just imagine how awkward it will be sitting across the table from your adult daughter when you have a large outstanding debt together. Even if she's financially responsible and paying down the student loan debt expeditiously, you'll still feel annoyed when she buys a new car instead of paying off the remaining balance of the debt that you owe together.

**3. When your kid can't get a job, you're stuck paying back the loans.**

Let's face it, the economy hasn't been that great over the past few years. Even if your child is a whiz kid, there's no guarantee that he'll get a job immediately after college.

**4. Not everyone who starts college finishes.**

If your kid drops out of school and doesn't finish the degree, you're still on the hook for the bill. Have you seen the stats lately about college drop-outs? If your kid dropped out of college how would that impact your relationship? I suspect you'd pay that monthly bill pretty begrudgingly when your son drops out of school and you're stuck paying the bill.

**5. You might be hurting your own financial future.**

If you have to co-sign a loan (instead of giving your kid cash), can you really afford the payments you're signing up for? If you're putting yourself in financial jeopardy to help your kids finance college, you shouldn't be co-signing student loans. Helping your kids sign up for debt isn't really a blessing and might actually be a curse. Plus, if you can't afford to retire you may have to rely on your kids to support you.

Don't get me wrong, I know there are situations where parents have helped their kids by co-signing a student loan and everything was fine. The loan was paid back quickly and it didn't impact the family dynamics, or the parents' finances. But I also know a lot of people who are in really bad financial situations and completely regret co-signing a loan with a parent or family member.

**Pay for school without parent plus loans:**

- **Chose a cheaper university.**

Check the costs at your local community college, in-state college and private universities (sometimes private schools end up being cheaper than public schools if you get a big scholarship. Check out [this post](#) for more details).

- **Take off a year to work.**

Stay at home, get a bunch of jobs, and hustle until you can afford the tuition at the school you want to attend. Work is a good way to build character, decide which career path you want to take (and which you don't!) and learn about life in the "real world."

- **Work while you attend school.**

I worked throughout college. Take a look at [this post](#) for some of my favorite ways college students can make money while they're still in school.

- **Live at home.**

If you can afford the tuition, but can't afford the room and board, consider living at home and commuting to school. Depending on where you live, this could save you thousands of dollars per year in room and board.

- **Scholarships.**

Apply early and send out as many applications as you can. Your guidance or college counseling office should have a list of local scholarships. They should also be able to direct you to the websites where you can apply to national scholarships. Hint: don't ever pay anyone money to get a list of scholarships being offered-this information is free and widely available.

**Did you co-sign for loans with your parents? Parents, did you co-sign for loans with your kids? How did it work out?**

*Image: [LendingMemo](#)*