



EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

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Let Uncle Sam Help

One thing you can count on is getting a little help from the government in other ways as it pertains to student loans. For parents in particular, you and your child may be entitled to deduct from your taxes up to \$2,500 of the annual interest you pay on student loans.

Under current IRS guidelines, even if you don't itemize, you can take the full write-off if your annual income is \$105,000 or less and you and your spouse file jointly. You can claim a partial deduction if your income falls below \$135,000. For single tax filers, the income limits are \$50,000 and \$65,000, respectively in order to qualify for the full or partial deductions. This tax break can save you big bucks: as much as \$1,875 over five years for those of you in the 15 percent bracket; and up to \$3,500 if you're in the 28 percent bracket.

And here's another tax break for parents. If you tapped the equity in your home to help fund your child's college education – an increasingly common way parents are paying higher education costs – then you can claim a tax deduction for that as well. Homeowners are allowed to deduct up to \$100,000 for interest paid on mortgage loans. You can claim this write-off as long as you itemize your deductions. And hey, there's nothing wrong with letting Uncle Sam underwrite the cost of your (or your child's) college education. We all pay our fair share of taxes and make all kinds of other contributions to society. Why shouldn't college grads and their parents take advantage of every available financial break they have coming?