



## Episode 96: Conquer Law School Debt with Financial Panther

Alison Monahan: Welcome to the Law School Toolbox podcast. Today, we're talking with Kevin, who is the founder of Financial Panther, a personal finance blog that's targeted for young professionals. Kevin paid off all of his law school loans in a little over two years. I think you're going to want to stay tuned.

Your Law School Toolbox host today is Alison Monahan. Normally, I'm with my cohost, Lee Burgess. Together, we're here to demystify the law school and early legal career experience so you'll be the best law student and lawyer you can be. We're the co-creators of the [Law School Toolbox](#), the [Bar Exam Toolbox](#), and the Catapult Career Conference. I also run [The Girl's Guide to Law School](#).

If you enjoy the show, please leave a review [on iTunes](#). If you have any questions, don't hesitate to reach out to us. You can always reach us via the [contact form on lawschooltoolbox.com](#) and we would love to hear from you. With that, let's get started.

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Alison Monahan: Welcome back. Today, we're talking with Kevin, the founder of Financial Panther, which is a personal finance blog for young professionals. Kevin paid off all of his law school loans in just about two-and-a-half years. I know that's something I want to hear more about. Welcome, Kevin.

Kevin: Yep. Thank you for having me.

Alison Monahan: Our pleasure. First off, can you give us a little bit of background on your personal journey with your law school loans and other types of financial stuff?

Kevin: Yeah, sure. I have a pretty typical law school background. I went to undergrad, majored in history and econ. That's kind of the typical law school majors.

Alison Monahan: Sure.

Kevin: Ended up graduating from law school in 2013, so not that long ago and started right away at a big firm here in the Midwest, where I'm located. Right when I graduated, I had \$87,000 in student loans, which is a pretty significant sum.

Alison Monahan: I'm actually thinking, "Wow! That's really not that bad for law school."

Kevin: Yeah, I know. I got lucky. I did have a half [scholarship](#) when I went to law school, so it helped me out a little bit. I know that there are people who have much more than that.

Alison Monahan: Was this [financial aspect](#) something that you really took into consideration when you started school or was it more like, "This is great. I'll take some money, but this is not really a determinative of where I go to school."

Kevin: No. It was actually the primary factor that led to the law school I picked. It was right around the time when people were getting to notice the huge debt loads that people were taking out of law school and you were getting people on the internet talking about it. I actually had a choice of sticking with a law school in my hometown. It was actually about \$60,000 more expensive for me to go there and live at home.

Alison Monahan: Wow!

Kevin: Then, it was for me to come out to the Midwest and live on my own.

Alison Monahan: Wow! That's a pretty big difference.

Kevin: Yeah, yeah. It was a pretty big difference.

Alison Monahan: That's actually a question we get a lot, particularly this time of year from students is basically [when should I take the money](#)? I mean, my advice is almost always, take the money. Do you have any thoughts on that?

Kevin: Yeah. It depends, because the law school that you go to matters a lot at least when it comes to getting that first job, if you're trying to get that big law job. You've got to kind of do a risk/reward type thing there. If it's a top, top school and it's full price, maybe you might want to consider it. If it's full ride at a really low school, then you might want to think, "Well, is that even worth it to do that?"

Alison Monahan: Right. I think that's absolutely right, but here's an example I got the other day. Someone wrote in and asked us if they should take ... Oh God, it was a lot. Like, a lot of money. I think, over \$100,000, over three years at Penn versus going to Harvard.

Kevin: Yeah. In that situation, I'd probably take the money for Penn.

Alison Monahan: Yeah. I was just like, "Really, people are telling you that you should not do this?" He's, "You're the first person who said I should take the money." I was like, "Wow! I find it hard to imagine there's that much difference in outcome"

between those schools to make it worth that. I mean, do what you want, but, really? I think you're going to be fine either place."

Kevin: Right. I think that's true. Yeah, Harvard's obviously the better school, at least at the rankings, but you're not going to have any trouble coming out of Penn, probably.

Alison Monahan: Yeah. And with \$100,000 less debt, like I said, it's a huge difference. Sorry, we got off track. You're graduating and got \$87,000 in debt. You are working in the Midwest. The cost of living's a little bit lower, so what happens?

Kevin: Yep. Starting salaries are a little lower here too. It's not the East Coast big law salaries. I started off at a big law firm here in the Midwest. The starting salary's there is \$110,000. It's comparable to if you're starting in New York or something with Delta Loans and a bigger salary there. Yeah, right around 2014, which is when I was starting my first year, my first real year, I had my stub year.

Alison Monahan: Right.

Kevin: My first real year, and I just, [I've got to do something about this debt](#), because I kind of knew as soon as I started that big law might not be something that I want to stick around in for very long.

Alison Monahan: All right. Did you have any sense of that beforehand? Or you got there and you were like, "Oh, wow! This is not what I was expecting."

Kevin: I mean, I kind of knew, because when you go and do your summer associate there, it's not the real lawyer experience, as being a first-year associate. I kind of just knew right away that it just wasn't for me. I had the inkling. It wasn't 100% solidified like, "I'm going to go in there and get out of there as soon as possible."

Alison Monahan: You were like, "I think I might need to have an exit plan here."

Kevin: Exactly right. Yeah. I realized I needed the money from the job, if I was going to keep paying off these loans and live how I wanted to live. So, I stuck it out. Threw everything I could into my loans, did my best to live modestly, avoid that lifestyle inflation that often comes with being a lawyer. In mid-2016, I made the last of my student loan payment and then I got a new job in state government and took that. That's where I'm currently at right now.

Alison Monahan: Okay. Break this down for us a little bit. I mean, I think I went to law school in New York. I summered in New York. I lived in San Francisco. I'm thinking, "How is this even remotely possible?" I'm thinking of the average one bedroom apartment in any of these cities that I've lived in. It was like \$300,000 plus per month. Just crazy.

Kevin: Yeah. What do you mean?

Alison Monahan: Basically, how did you possibly do this? I remember when I first started, I'll admit this, I was working in San Francisco at a law firm. I had come in as a second year because I clerked for a year. I remember at some point maybe a few months in, I realized I'm literally living paycheck-to-paycheck. It was this is crazy. What am I doing? So, I moved to a place with a much lower rent. That was the answer, I was paying too much rent, but I mean, how can people even conceive of paying off almost \$100,000 in debt in a couple of years?

Kevin: Yeah. I think one of the things is it's really about that lifestyle inflation. Just like you mentioned there with the paying the rent, that's the biggest thing, I just feel everyone around me, all my colleagues, they're all living in these really fancy luxury apartments.

Alison Monahan: You feel like I've earned this, right?

Kevin: Yeah. I always think, well, I was living like a student before. I mean, when I was in law school, I was just living in a regular house with a bunch of roommates. It's like, well, "I can just live like a student for a little bit longer."

Alison Monahan: Is that one of the things that you did? Did you live with roommates? What did you do?

Kevin: Yeah. My current fiancée, soon to be wife, we actually moved in together right when I started. We just moved into a regular one bedroom apartment, just a regular apartment building.

Alison Monahan: Like a modest, normal person building?

Kevin: Exactly. There's two types of apartment buildings basically nowadays. It's the normal apartment building and the luxury apartment building.

Alison Monahan: Right. I think that's true a lot of places.

Kevin: Right. Every lawyer's like, "I can't live in a *normal* apartment building."

Alison Monahan: I remember once a partner in San Francisco telling me in all seriousness, "Well, I just don't see how anyone could live in the city on less than half a million dollars a year." I'm like, "You do realize what you're paying all of your associates? We're all living just fine. Before I went to law school, I was making a third of what I make now and I still lived just fine. Trust me. It's possible."

Kevin: Exactly. That's one thing. A lot of people, they start off as a lawyer and they lose that perspective.

Alison Monahan: Right.

Kevin: We once did not make this kind of money.

Alison Monahan: Yeah. You can totally live just fine if you go out for drinks only at happy hour.

Kevin: Right. Bring your own lunch. Something like that.

Alison Monahan: I think it is these big expenses that really kill you. Like the rent, if you're going to have a car. Are you going to lease a top-of-the-line car? Okay, that's going to be another big chunk of change that's basically going out the window. Another one I love, too, is people who feel like they should buy a house because they have this big salary.

I remember, I actually bought a duplex in San Francisco because the market had just crashed. I was a lawyer. I was like whatever, but I tell my boss at the firm, the partner I worked the most for, "I'm buying a house."

She's, "Oh! Congratulations. That's so great. I love it when associates buy houses because then they can't quit." I was like, "Yeah. It's not that type of purchase. I could rent these out and pay my mortgage. I wouldn't have bought it if I had to keep working for you."

Kevin: No, that's a good point about that house trap. I saw a lot of my colleagues do the same thing, where they bought gigantic houses that they did not need. Then, they're stuck. They're still there now and I know a lot of people aren't happy with what they're doing, but they just don't have any choice anymore.

Alison Monahan: Yeah. I was with a judge I worked for. Some of the best advice he ever gave his clerks, he's, "Just don't take on a mortgage." He's, "You're all going to go work in big firms. There's nothing wrong with that. Make some money. Get some experience. See how you like it. Just make sure you can leave when you want to leave because if you can't, that's when you're going to be really miserable."

Kevin: Right. That's right.

Alison Monahan: Basically, you're living like a student. What other stuff are you doing? I know you're a big fan of the side hustle. Tell me about that.

Kevin: Yeah. I mean, the side hustle thing is just something that nowadays, with the way all the phones and stuff work now, there's just so many ways you can make money on your own time. It doesn't really have to be a ton of work. I do all the sharing economy stuff. I Airbnb a room in my house. I dog sit using these dog sitting apps. I deliver food on my bike.

Alison Monahan: Yeah. That one I was kind of like, really? Is that a productive use of your time? I mean ...

Kevin: Well, for that one there. You know, I deliver food. I learned that from my brother because he was doing it for fun. One of the things, we all sit in an office

for so long. We all need exercise. I thought, "Well, I can get paid and bike around."

Alison Monahan: That's true. It's good exercise.

Kevin: I do it. Yeah. I see as an exercise time, really. I just exercise while I'm making a couple of bucks doing it. I'm not going to rich off of it or anything.

Alison Monahan: Right.

Kevin: It's for the exercise.

Alison Monahan: I think that's a good way of looking at it. I mean, I definitely used Airbnb. I think people have their own comfort level with different things, but I mean, if you have a set-up where that's feasible and if the city allows it or you have the permit or whatever, I think it's gotten a little harder.

I was an avid Airbnb user in the beginning, before they were really regulated very much. I think it's gotten to be a little bit more of a hassle a lot of places, but I mean, you can make a ton of money with that.

Kevin: Right. No, that's definitely true. And so many people have an extra room in their house, which is how we started doing this too, is we just have this extra room. My fiancée actually bought a house before I'd met her, long ago. She was living here, renting out all the other rooms to grad students. She was in dental school here, and she rented out other rooms to other grad students.

We decided to just move back in here because basically she stopped renting it. We moved back in here. We had all these extra rooms in the house and we're just two people. We were, "Well, we don't want to get a roommate. Why don't we just throw up a room on Airbnb and see what happens?" You can basically make the same amount of money as a roommate except half the time.

Alison Monahan: Yeah. I mean, I think if you have the right set-up, it can be a fantastic way to bring in quite a bit of extra income.

Kevin: Yeah.

Alison Monahan: Let's talk about, a lot of our listeners are law students. Would you recommend, if you're in law school, that you start delivering food for exercise or driving for Lift or Uber. Do you think it's ... I guess you're always making this short term, long term trade-off here, right?

Kevin: Yeah. If you're a 1L, I wouldn't do anything but law school because that 1L year is so important. We all know that. You've got to just buckle down and do nothing but law school that first year. That's what I did my first year. I just was

at school all the time, constantly reading stuff and highlighting everything. I wouldn't recommend that in your first year.

In your second year, you probably have a little more time. Law Review and Journals and stuff take up more time but it's a lot more busy work. Third year, if this stuff had existed in third year, I would have done all of this stuff because ...

Alison Monahan: I remember I had class three days a week my third year. It was ridiculous.

Kevin: Right. I mean, I played so many video games my third year. I mean, we didn't have this delivery stuff though or Uber and stuff weren't this big back then. If they were, I would have done it, for sure.

Alison Monahan: Yeah. I feel like by the third year, you're totally right. I mean, you've got so much spare time. I mean, sure if you're going to try to get a job working in a law office or something if you can, or whatever seems relevant. Honestly, if you don't want to be hassled with that or you just want to make some cash, I feel there's so many ways you can do that at this point.

Kevin: Right. It's just totally golden age of side hustling here. You can just do anything, anytime you want.

Alison Monahan: Yeah for relatively minimal commitment and with minimal training. I mean, it depends a lot, I guess, on where you are. Obviously, if you're in a city, this is probably a lot more likely. I feel a lot of this stuff exists in a lot of places.

Kevin: Yeah, definitely.

Alison Monahan: I mean, I was actually in San Francisco a couple of days ago. I hate to go shopping, so I went to an app that an ex-lawyer I know started that literally connects you with a stylist who comes to your house and brings you clothing to try on.

Kevin: Oh my goodness! You never have to leave your house anymore.

Alison Monahan: No. And it's one of those crazy things. I mean, that's definitely a time/money trade-off thing. Then I was thinking about was a person doing this. I mean, what a dream side hustle if you're into fashion. You literally get paid to go shopping for other people. Then, you show up and you tell them what looks good. Then, you sell it to them. You go home. I mean, she was there 45 minutes.

Kevin: Yeah. That's an interesting one. I've never even heard of that one.

Alison Monahan: Yeah. I think it's pretty new. I could put the [link in the show notes](#). I think that's the thing. There's all these different ... It's not even just, "Oh! I don't have a car so I can't drive for Uber." Look, I think your dog walking one is fascinating.

Especially because I remember once making fun of a billboard that was, "Oh! We're like the Airbnb for dog walking." I was like, really, that exists?

Kevin: No, they have that. My brother now has been doing that too. It's literally an Uber for dog walking. You just sit there and someone will ask you to walk their dog.

Alison Monahan: Really? In real time?

Kevin: Oh, yeah. It'll be real time and everything. It's not scheduled in advance.

Alison Monahan: Wow! What's the name of this one?

Kevin: This one is called [Wag!](#)

Alison Monahan: It is Wag! That's the one I was making fun of a couple of years ago. I guess it's viable or at least they have enough VC funding to make it viable.

Kevin: Oh, yeah.

Alison Monahan: No, I mean, that's a great example. Somebody who loves dogs but can't have one because they're in school. What a great idea. You're like, "I'm going to play with a dog for an hour and you get paid for it."

Kevin: Right. That's what I do with the dog sitting. I do that with [DogVacay](#), which is an Airbnb for dogs. The thing is, it's not that much work for me because I already own a dog.

Alison Monahan: Yeah.

Kevin: It's not really a difference for me to watch a second dog.

Alison Monahan: Exactly. Once you're committed, you're already committed. I've got to walk the dog and feed it anyway. What difference is it if you have two?

Kevin: No, it's not. It doesn't add anything, really.

Alison Monahan: Some people are listening to this, like "Yeah, this sounds kind of interesting." Do you have any tips for getting started or for figuring out what's actually good use of your time or not a viable use of your time?

Kevin: The good thing about all these kinds of apps these days if you can just sign up for them. It takes no time to do that. You could try it out. If it doesn't work out, you just don't do it anymore.

Alison Monahan: Yeah, exactly.

Kevin: That was how I went going into all these is, "I'm going to try them out and see if it's not fun or I don't like doing it, I'm just going to stop doing it." It's not like you have to interview for them or do anything.

Alison Monahan: Not like there's a background check or anything. I mean, come on.

Kevin: Yeah. Well, they do background check. Every one of these things has background checks.

Alison Monahan: Really?

Kevin: Oh, yeah.

Alison Monahan: Interesting. I was in a Lift the other day. He was telling me, "Lift does background checks, but Uber does not." I have no idea if that's true or not.

Kevin: I think they both background check.

Alison Monahan: I don't know. He was saying he enjoys it because he's a social person. He drives people around for a few hours and then goes home.

Kevin: Yeah. I mean, if you like talking to people, that's how you can do it.

Alison Monahan: Yeah. I guess a lot of these are more extrovert friendly. I'm thinking you could also tutor online or something, but you still have to talk to people. The introverted law student may be better with the dog walking or something.

Kevin: Either that or delivering food. You know, you don't have to talk to them.

Alison Monahan: Food, perfect.

Kevin: It's walk right up to them, give them their food, and walk away.

Alison Monahan: Exactly. What are some food deliveries? Like [Postmates](#) or something?

Kevin: Postmates. [DoorDash](#). [Caviar](#). All of them. And they're good. They let you use bikes. You can just bike around doing it.

Alison Monahan: Yeah. It was raining the other day when Lee and I were having a meeting in San Francisco. I'll admit that we were like, "I really don't want to go out in the rain. Should we just order coffee?" And we literally had Postmates deliver us coffee. I was, "This is probably going to be the most expensive coffee we've ever purchased." But we didn't have to go outside in the rain. Yeah.

Kevin: Yeah, you're one of those people.

Alison Monahan: Yeah. Well, we don't see each other all that often in person. We were like, "We really ought to maximize our time." I'm basically the opposite of the person who's going to pay off their loans as quickly as possible. I'll be honest, I mean, for me, well, I guess it's different now because the interest rates are so much higher.

I had a bunch of loans from my first graduate school and then some loans also from law school, but they were all at super low interest rates. The way I look at it was honestly more like, "Well, if I want to borrow money later for a mortgage or something, it's probably going to be more money than this. I should just put them on the 30-year repayment plan and not think about them again and have it deducted from my account every month."

Kevin: Sure. Yeah. That's what you're doing now?

Alison Monahan: That's what I'm doing. I mean, the rates are literally 2 or 3%. My incentive to pay that off is not very high.

Kevin: Yeah. I went with the opposite approach and just wanted to get rid of them.

Alison Monahan: Which I totally get. I understand that. I was like, well, I don't know. Is this impacting my life in any meaningful way? I feel inflation's probably going to be higher than this over time. I could probably take this money and I could invest it. Now, the rates, I think are substantially higher on graduate student loans.

Kevin: Yeah, definitely.

Alison Monahan: I know my sister came out later and was like, "Oh my gosh! I have an 8% loan. I've got to get rid of this as soon as possible."

Kevin: Nowadays, they start out 6.8, 7.9%, which is crazy.

Alison Monahan: Yeah. You've got to do something about that.

Kevin: Yep.

Alison Monahan: What kind of mistakes do you see people making over-and-over again with their finances? Basically, when they're in that first job or two, trying to figure stuff out.

Kevin: Yeah. Definitely lifestyle inflation is the big mistake that people make. Most people are pretty young when they start their first lawyer job. You can make a ton of money starting out and you just have no idea what to do with it. You just get all sorts of stuff. Fancy apartment, the nice car, all those kinds of things. When you do that, you're making yourself stuck because now you need your paycheck to pay for all of that stuff. Once you get used to ... Once you upgrade, it's much harder to downgrade.

Alison Monahan: Exactly. I think it's much easier to live like a student for the first couple of years out of school than to live large for five years and then suddenly be, "Oh! I want to get out of my big firm job, but the only way for me to do that is to have three roommates." Most people are not going to do that.

Kevin: Right. That's exactly right. I don't want to live now with three roommates anymore.

Alison Monahan: Exactly.

Kevin: Even though I did it totally fine for all of college and law school.

Alison Monahan: Yeah. All right. Let me push back on that. What if somebody comes out and they're like, "Whoa! Why shouldn't I adopt this life baller lifestyle? I'm going to be a big firm partner. I'm going to have plenty of money for the rest of my career. Why should I limit myself?"

Kevin: Yeah. The problem is that the future isn't written. That makes a lot of assumptions that everything's going to work out exactly how you want it. If you want to give yourself flexibility, you have to just get used to living on much less than you earn because if you're spending every dime you make, it means that you always have to make that level of money, no matter what.

Alison Monahan: Right. And things happen. Recessions hit. People get laid off. Probably different areas are downsized in different firms. I mean, I was a patent litigator, for example. That was a huge booming area where all the money in these firms is coming from, but now, I mean, for various reasons, that's a dying practice area in a lot of ways.

Kevin: No, that's right. And who knows when the next recession will be? It could be the same thing with lawyers again as what happened in the last one.

Alison Monahan: Yeah. I think they're also some structural changes that are decreasing the need for a lot of young attorneys, particularly. I mean, I agree with you. I think you probably want to create flexibility for yourself and also some sort of backup plan.

Kevin: Yeah.

Alison Monahan: The less debt and the more money you have in the bank, the broader your backup options can be.

Kevin: Right. Yeah. It's about giving yourself that breathing room, basically.

Alison Monahan: Yeah. The stress level of having to maintain this paycheck at a certain level is just, yeah, that's hard.

Kevin: Yep.

Alison Monahan: What should people be thinking about regarding their finances, whether they're in law school, or in that first job. Say I have to make a choice, for example, between paying off my loans as quickly as possible or building some sort of emergency or retirement fund? What are your thoughts on that?

Kevin: Yeah. My thoughts and this is a whole subject of debate in this personal finance world, but my thought is, when you're young, which most lawyers starting out are, the chance of emergencies coming up are less than you think. So, I'm always advocating attacking those loans much harder. The reason why is when you're young, if something happens, the big fear's a job loss or something like that, but it's much easier to find yourself another job if you're in your 20s than it is if you're in your 50s. Another thing with emergency funds is, most people have a lot more backup plans than you think.

I know for myself, if something happened, I probably could get another job. If that couldn't happen, I could probably move back home with my parents if I had to. The need to keep a ton of money in cash when I have a ton of debt didn't seem so necessary to me.

Alison Monahan: Right.

Kevin: When it comes to retirement, the way I see it is, if you can pay off your debt in a few years, you've got your whole life to start saving for retirement. You can really catch up pretty fast because most people aren't going to save a ton early on anyway.

Alison Monahan: Right.

Kevin: It's not that hard once you have no debt to really save a ton of money into retirement.

Alison Monahan: At that point, you're used to saving money.

Kevin: Right. That's right. You'll be already used to it anyway, so it's not that hard. Once you're done with it, take two years, be done with it. Max out all your retirement accounts for however long you need to do it.

Alison Monahan: Right. Now, that you've paid off your loans, you're like, "Yeah! I have all this extra money."

Kevin: Right. I mean, with me, I actually took a pay cut, a big pay cut when I went to government, obviously, which is probably pretty common I feel like in the big law world.

Alison Monahan: I think you almost always take a pay cut.

Kevin: Yeah. People leave and they take a pay cut. The thing is, if you've gotten used to living on way less, you can still save a ton of money. I save the same amount of money as I did in big law even though I'm making \$50,000 less a year.

Alison Monahan: Wow. Okay.

Kevin: It's a combination of government, I get more ... In government, you actually get matching and stuff like that, where you typically don't get that in a law firm, which helps me out. When you're not living on a lot, you can really save a ton.

Alison Monahan: Yeah, I mean I've seen some really good advice on the retirement thing. Well, if your company or your firm or whoever is going to give you free money as a match, maybe you should consider doing that. Yeah, I think if your debt's at 7 or 8% or close to that, that's some serious interest.

Kevin: Yeah. No, it definitely is.

Alison Monahan: Yeah. That's kind of crazy. All right. Here's a question we get a lot. People are, "[Well, is law school worth it?](#)" How do we start to answer that?

Kevin: I know. That's a tough one because I mean, the problem is, you can do as much research as you can into law school, but you really can't know about what being a lawyer's like until you're actually a lawyer. It's one of these things where it's going to be a gamble no matter what.

In terms of whether it's worth it, one thing is, I'd just be really careful about how much loans you take out. I think all of us will take out a lot of loans, but if you take out way more, it's going to be potentially much less worth it, and go in with way less debt.

Alison Monahan: Do you say to someone who's, "I'm not worried about my loans because I know I'm going to do public interest work. I'll just do LRAP at my school. I've heard about these public loan repayment things. I just won't have to worry about it, right?"

Kevin: I mean, think about all those types of ... Public service loan forgiveness. It still takes you ten years. You've got to stay there for ten years. That's a long time for anyone to be at any job.

Alison Monahan: Right.

Kevin: I always feel there's some risk there even if you're, "I know that's what I'm going to do." Plus, the thing is, when you start law school, you really don't know. You have ideas, but ideas change so much.

Alison Monahan: Absolutely. The other thing I always caution people about in those sort of programs is you really need to understand them. They often are not as good as

they sound. The schools are always like, "Yeah. LRAP at the top school is so amazing. You'll never have to worry." I know tons of people who are in the LRAP. They're like, "Yeah, what they don't tell you is if you get married, suddenly, you're out of the program because they're counting both your incomes. If you take a slightly different type of job, it may or may not qualify. Have we talked about the tax hit you might take at the end of this?" It sounds amazing in theory, but I think you just really have to do your homework and understand what you're getting into there.

Kevin: Right. It's all a risk when you're going for those because you just never know what can change in the future.

Alison Monahan: Yeah. I mean, talking about things getting changed. Now, maybe we have some sort of federal loan repayment program, but that could also change tomorrow. None of these things are really guaranteed to continue for the rest of your personal loan paying experience.

Kevin: Right.

Alison Monahan: If you're taking out \$200,000 in debt to go into a job that's going to pay you \$30,000 or \$40,000 a year, I might really think very seriously about that.

Kevin: Yeah. I would not do that.

Alison Monahan: Yeah. I wouldn't do that either. I know people who have. Do we have any rules of thumb here? I think the average loan debt for law school now is over \$100,000. I mean, at what point do people start getting concerned that they're taking on too much or this is not going to be a very good payoff for them?

Kevin: I mean, the way I think about is, you don't want to take out more than whatever your first-year salary's going to be, whatever you expect it to be.

Alison Monahan: Which basically means no one wants to do public interest work to go to law school.

Kevin: Yeah. I mean, I don't know. That's the thing. I don't want to say you can't go to law school, but it's just risky because you've got to get that job and you've got to hold onto that job for a while.

Alison Monahan: Yeah.

Kevin: Yeah, that's what I think is, don't take out more than whatever your expected first year salary will be. Ideally, keep it to half of that, if you could, but I know it's easier said than done. You've got to be really cognizant of what effect that will have on you. Because, if you're not careful, that debt can cripple you. It can really just destroy you.

Alison Monahan: Yeah. One of the things I always suggest to people is before they sign on the bottom line and take these loans is, they're putting a loan repayment calculators online. Go to one of those, type in, this is what I think I'm going to end up with realistically. Probably want to add on more than you think because you always end up with housing expenses and stuff that are higher than you think if you're going to school in New York or whatever.

Then, really look at what that monthly repayment is going to look like. I mean, a lot of these numbers, you're going to be like "Wow! I'm expected to pay \$1,200 a month?"

Kevin: That's low. A lot of people are paying \$1,800 a month.

Alison Monahan: Yeah. Whatever it is, you're just like "Wow! Can I possibly conceive of a scenario where that would make sense?"

Kevin: Right.

Alison Monahan: Think about the big law salaries. Yeah, it sounds fantastic, but then you're like, "Okay, I'm bringing in ..." I think they're paying \$160,000, \$170,000 in New York to second years or San Francisco when I was there. That looks great until you take out, you're now in the highest income tax bracket. You're paying for health insurance. You're paying excessive rent to live in these cities.

Suddenly, you're like, "Wow! There's not really that much left over. Do I have \$200,000 extra a month for my loans?" That's going to make things really tight.

Kevin: Right. That's exactly right.

Alison Monahan: I don't know. I guess we've really depressed everyone now.

Kevin: I like to think that we just try to make sure people are aware of it.

Alison Monahan: Yeah. I think that's the thing. I mean, it's like, really? You're going to take out \$200,000 in loans to go to a poorly ranked school. We haven't even talked about bar passage. If these schools, if you can't pass the bar, on average. I mean, there are schools in California that they have 50% of the class is passing the bar exam. You've got to be really careful going to that school and taking out loans to pay for the entire amount.

Kevin: Yeah. No, it's nuts. I feel like that information is starting to get out there more, that people are starting to understand that.

Alison Monahan: Yeah.

Kevin: I feel with the way a lot of the mass media and stuff picked all this stuff up, I think people are starting to be more aware about it. Obviously, if you aren't aware, you want to make yourself aware of that.

Alison Monahan: Right. And I think a lot of people have very high expectations. I've seen the surveys where 90% of incoming 1Ls think they're going to be in the top half of the class. Fifty percent think they're going to be in the top 10%. That doesn't make sense.

Kevin: Yeah, that's right.

Alison Monahan: You need to assume that your best-case scenario is you're going to be an average student at this school. If you do better, great. If the average student has \$150,000 in debt and can't pass the bar, that should be raising some red flags for you.

Kevin: Yeah. No, definitely.

Alison Monahan: All right. Now, we've depressed everyone. Unfortunately, we're almost out of time. Do you have any final advice for folks? How can they find your website if they're interested in finding it?

Kevin: Yeah. In terms of final advice, I guess, as lawyers, we've really normalized debt. It's just so normal to have it. I think it doesn't have to be normal. If you treat it as something that's horrible to have, you can get rid of it a lot faster than you think.

Alison Monahan: Like a virus. Take some antibiotics.

Kevin: It doesn't have to stick around forever, but a lot of lawyers just think it is something you're supposed to have. This is not just true for lawyers. It's true for a lot of professionals. Medical people, too, same thing. They think like, "Well, I'll just have it. I'll just pay it forever."

Alison Monahan: That's my plan.

Kevin: I don't know. I just don't think it has to be that way. Yeah, that's my final advice for people is look at debt and just think it doesn't have to be normal.

Alison Monahan: Yeah. I looked at posts on your website. I saw today where you're, it's never easy to get out of debt, which I think sometimes people are like, "Well, if I had a big firm job, of course, I could get out of debt." You're like, "Well, I'm going to pay off all my loans in a year because I'm making \$160,000. I have \$150,000 in debt. It'll be two years." You're like, "That's not how this works."

Kevin: That's right. That's exactly right. A lot of people think if you're making a huge salary, it's so easy. It isn't, because if it were easy, everyone would do it.

Alison Monahan: Exactly. You're basically going to have to suffer. You're going to have to be the guy in the rain delivering coffee to people who are too lazy to go out of their house to get it themselves.

Kevin: Yeah. Or, you could be the guy who brings their own lunch or mooches off on the free lunches around the town or something like that.

Alison Monahan: Yeah. Exactly. Live like a student. Go anywhere there's pizza for lunch, right?

Kevin: Exactly.

Alison Monahan: All right, Kevin. How can people find your website?

Kevin: Yeah. People can find me. I blog over at [financialpanther.co](http://financialpanther.co) or you could Google "Financial Panther"—I'll be the first one up there. Over on my blog, I blog about personal finance, paying off debt, side-hustling. All sorts of stuff that I think will be beneficial to anyone who's starting out their career, or is trying to learn more about how to handle their money.

Alison Monahan: For sure. I think that definitely all these resources we'll put in the show notes. And, I would strongly encourage people to really take this seriously because I think if you don't take it seriously, eventually it's probably going to catch up with you and quite possibly ruin your life. Don't be that person.

Lee Burgess: Thanks again to Esqyr for sponsoring this podcast. You can learn more about them by listening to our recent podcasts with their founder. We'll [link to it in the show notes](#). To receive a 10% off coupon for their bar exam study tools, go to [esqyr.com/barexamtoolbox](http://esqyr.com/barexamtoolbox).

Alison Monahan: All right. Well, unfortunately, we are out of time. Thank you, Kevin, for your time. If you enjoyed this episode of the Law School Toolbox podcast, please take a second to leave a review and rating [on iTunes](#) or your favorite podcast listening app. We would really appreciate it and be sure to subscribe so you don't miss anything.

If you have any questions or comments, please don't hesitate to reach out to Lee or Alison at [Lee@lawschooltoolbox.com](mailto:Lee@lawschooltoolbox.com) or [Alison@lawschooltoolbox.com](mailto:Alison@lawschooltoolbox.com) or you can always contact us via our [website contact form at lawschooltoolbox.com](#). Thanks for listening. We'll talk soon and good luck getting rid of your debt.

#### Resources:

- [Esqyr](#)
- [Esqyr Bar Exam Tool Box 10% off Coupon](#)
- [Financial Panther](#)
- [Everything You Need to Know about Law School Scholarships](#)

- [Podcast Episode 92: Top 1L Questions: The Money Edition](#)
- [Ahead of the Curve: Take the Money or Take a Gamble? Should a Scholarship Determine Which Law School I Attend?](#)
- [Podcast Episode 38: Can You Really Afford Law School?](#)
- [Boon and Gable](#)
- [Wag!](#)
- [DogVacay](#)
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- [DoorDash](#)
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- [The Reality of Law School Debt](#)