

Things are Tough all Over

**By Reg P. Wydeven
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I've mentioned in previous articles how I've wanted to be a lawyer and work with my dad for as long as I could remember. I am extremely proud to have worked with him, along with our close family friends, Irv Curry and his son, Gregg. Now I am very proud to be working with Gregg's son, Mike, who just graduated from law school (my next goal is to convince Mike's brother, Steve, to go to law school).

Mike is now one of the minority of law school students who actually has a job upon graduating. With the troubled economy, many businesses have laid off employees, cut back on production, and otherwise have reduced spending, including decreasing the use of lawyers.

Accordingly, law firms are struggling in this economy as well. Some firms specializing in mergers and acquisitions or real estate have had to lay off attorneys or even close their doors. Therefore, fewer and fewer law school grads are finding jobs. Many of those who have found employment are receiving a job deferral.

After their second year of law school, many students get hired for summer internships at firms. If they do well, they are typically hired for full-time positions upon graduation. To try and save funds, many firms are staggering when their new hires start, with some going as long as a year before starting.

While they wait, many new hires receive moderate stipends to do pro bono and public service work. Lawyers don't generally garner much sympathy, but many of these law grads are in a tough spot. They won't have health insurance, foreign grads may not get work visas and most importantly, they will not be receiving their full-time salaries which are desperately needed to repay growing student loans.

Thankfully, last week a new law went into effect to give college students a break with their loans. The new Income-Based Repayment program was created by the College Cost Reduction and Access Act to help students with big loans and low income. Under the program, student loans will be capped at 15 percent of the graduate's adjusted gross income. Then, if the grad completes 10 years of public service, the loans are forgiven completely. Likewise, if borrowers meet certain criteria, the outstanding balance of their student loan will be wiped out after 25 years in the private sector.

To continue to qualify for the repayment plan, each year borrowers must provide information on their income and family size. When their income increases, their payments will revert back to standard amounts.

The new program went into effect July 1, just in time for the 2009 grads, who many experts believe are entering the toughest job market for college graduates in 25 years. In May, 15.5 percent of people age 20 to 24 are unemployed in the U.S., compared to the overall unemployment rate of 9.4 percent.

Even though the new program helps out grads in a tough market, the Department of Education warns that decreasing student loan payments may actually increase the amount that borrowers will need to pay back in the end because interest will accrue for a longer period of time.

Few lawyers are as lucky as me, being able to find their dream job, let alone start it right away. Thanks to the Income-Based Repayment program, they won't be sinking deeper into debt while they wait.