Escaping the school fees debt trap

DEBT

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Three years ago, Sarah and Joseph (not their real names) were drowning in school fees debt. Every term, they borrowed between Shs1.2 million and Shs1.5 million to educate their two children. Their combined monthly income was about Shs1.8 million, yet over 35 percent of it went into loan repayments. By the time one loan was cleared, another term had already arrived. Stress, conflict at home, and sleepless nights became routine.

Today, that same family is completely debt-free on school fees — and has not borrowed for three consecutive terms. Their breakthrough did not come from a salary raise or a miracle. It came from financial planning and basic financial literacy. Their story reflects a national reality.

Across Uganda, many parents are trapped in unending school fees debt — not because they are irresponsible, but because school fees are treated as emergencies instead of predictable financial obligations.

Pupils during a class session. Many parents are trapped in unending school fees debt because school fees are treated as emergencies. PHOTO/MICHAEL KAKUMIRIZI

Silent trap

The cycle is familiar: borrow at the start of term, struggle with deductions, clear the loan just in time, then borrow again. Over time, borrowing becomes normal. This dangerous mindset — "I can always borrow and pay back" — is what experts call the debt comfort zone.

Household surveys show that over 60 percent of Ugandan parents borrow for school fees at least once a year, and nearly one in three households stack education-related loans.

But the deeper truth is this: Poor debt management is not the real problem. It is only a symptom of a much bigger challenge — lack of financial literacy.

Without skills in planning, budgeting, saving, and controlled borrowing, debt becomes the default survival tool.

Sarah and Joseph's change began when they calculated the true annual cost of education.

When they added tuition, uniforms, transport, meals, books, and exams, the total came to Shs3.6 million per year.

They divided this by 12 months and began saving Shs300,000 monthly. They adopted one powerful rule: "While paying for this term, save for the next one."

They opened a separate school fees account and automated deposits. Even while clearing a small loan, they saved simultaneously. Within two terms, their borrowing reduced by over 50 percent. By the third term, borrowing stopped completely.

Debt is not always the enemy — but mismanaged debt is

Sometimes, school fees debt is unavoidable due to illness, job loss, or emergencies. The danger begins when parents:

- Borrow the entire amount instead of the gap
- Take long-term loans for short-term fees, or stack school fees loans every term.

Managed well, debt should be temporary, limited, and shrinking. When it becomes permanent, the real issue is no longer income — it is structure, discipline, and mindset.

As we enter the festive season, three principles must guide every household:

If you spend all your income on wants, you will be forced to borrow for needs. Do not try to impress people who don't even like you with resources you do not have.

Every financial decision is an opportunity cost — ensure it is a worthwhile one.

Christmas joy should not become January debt. Celebration is not the enemy — careless spending is.

Financial literacy is the solution

Financial literacy is not about stock markets or complex investments. It is about:

- Planning before pressure,
- Saving before spending,
- Borrowing with limits, and

Building systems that work even when income is small.

Families that save Shs5,000 to Shs10,000 daily consistently are often more stable than families that borrow millions occasionally. The difference is not money — it is control and confidence.

As Sarah says, "We didn't defeat debt by earning more. We defeated it by learning how money works."

School fees debt affects productivity, mental health, family stability, and national growth. Uganda urgently needs a shift from:

- School fees panic → school fees planning
- Borrowing culture → saving culture

Financial shame → financial skill

When school fees move from crisis to system, families move from stress to stability — and children grow in homes built on planning, not panic.

I wish you a Merry Christmas and a financially well-planned New Year 2026.

The writer is an economist and chairperson of the Uganda Financial Literacy Association.