Life Delayed:
The Impact of Student Debt on the Daily Lives of Young Americans
Executive Summary

Student loan debt is having a profound impact on the daily lives and spending habits of young Americans, casting a pall over the nation’s economic recovery. Many borrowers may never run into problems with their loans, but the mere existence of the debt is a burden that is impacting the way student borrowers make important lifestyle decisions. A survey recently conducted by American Student Assistance® (ASA) found that those with student debt are delaying decisions to buy a home, get married, have children, save for retirement, and enter a desired career field because of their debt. This downward spiral has a cascading impact on the nation’s economy as the generation charged with investing in the nation’s future is delaying their lives because of student debt.

Student loans were created to be an engine for social mobility, but they are, in fact, limiting young people’s ability to achieve financial success:

- 27% of respondents to ASA’s survey said that they found it difficult to buy daily necessities because of their student loans;
- 63% said their debt affected their ability to make larger purchases such as a car;
- 73% said they have put off saving for retirement or other investments; and
- The vast majority—75%—indicated that student loan debt affected their decision or ability to purchase a home.

Survey respondents indicated that in addition to limiting their ability to make major purchases, student loan debt also impacts their important life decisions:

- 30% responded that their student loan debt was the deciding factor, or had considerable impact, on their choice of career field;
- 47% indicated it was the deciding factor, or had considerable impact, on their decision or ability to start a small business;
- 29% indicated that they have put off marriage as a result of their student loans;
- 43% said that student debt has delayed their decision to start a family.

As one survey respondent put it, because of student loan debt, “Upon graduation you realize that you can’t really begin the life you imagined having after college.”

Even those never personally hampered by student loan debt are being impacted as society at large bears the burden of career paths not taken, first homes not purchased, entrepreneurship stalled, public sector employment diminished, investments not made, and lives delayed.

There is unlikely to be a seismic shift in the way higher education is funded, so we must find a way to ensure that borrowers have better means of managing the debt they have taken on. The focus of future student aid policy should be on finding ways to limit the negative financial impacts that student loan debt has on the post-college life of students. We must:

- Control continuously escalating tuition and fees;
- Expand grant aid by all sources: federal, state, and private entities;
- Keep federal student loan interest rates low;
- Expand flexible repayment in private student loans; and
- Prepare students to be smarter borrowers by offering quality information about borrowing and neutral guidance for the life of the student loan.

As the federal student loan system was established for the collective good of the nation as well as to assist individual borrowers, so too the nation at large has a collective responsibility to get the program back on track and ensure that borrowers can not only survive the student loan payback process, but thrive as consumers in the process. If student loan borrowers continue to sit on the sidelines and delay diving into economic commitments, the perilous position of the U.S. economy will continue to plod cautiously along rather than prosper with the help of a new generation of well-educated consumers.
Introduction

“Student debt weighs on every decision I make, from food shopping, to where I choose to live, to how I spend my free time, to what clothes I wear, and ultimately, what career I choose.”

- ASA survey respondent, 2013

The United States federal student loan system was created to increase social mobility and invest in our nation’s future by ensuring that those without the means of securing a higher education could receive government assistance to attend college and contribute to the economic strength of the nation. For many years student loans were a stepping stone to higher education that could all but ensure generations of students would have a secure economic future.

As early as 1985, however, Congressman William Ford of Michigan, one of the nation’s strongest advocates for federal support of student aid, cautioned that due to the debt student loans created, “we are producing a class of indentured servants who must work to free themselves of the bondage of educational debts. How will the next generation afford a home or car if their disposable income is committed to paying off student loans?”

While it took decades for Ford’s prophecy to come true, many student borrowers face just that dilemma today—struggling to find ways to actively participate in our economy while managing burdensome amounts of college debt. The promise of economic opportunity with the help of student loans has been flipped on its head, as today’s students now find their financial futures imperiled by the economic realities of holding student debt in today’s economy.

In fact, today’s reality is far more severe than even Congressman Ford could foresee. In 1985, the average in-state cost of tuition at a four-year public institution was $1,318 while tuition at a four-year private college or university averaged $6,121. Today, that number is $8,655 for a public four-year institution and $29,056 for a four-year private school. There was $35 billion in outstanding student loan debt in 1985. Today, two-thirds of students attending a four-year bachelor’s degree program borrow to attend school and leave with an average of $26,600 in debt.

This has led to the current level of $1.1 trillion dollars in outstanding student loan debt among 38 million borrowers.

The reasons for the rise in student debt are numerous and widespread—a shift in federal student aid policy from grants to loans, rising tuition costs that drive the need for more borrowing, shrinking state spending on higher education that limits grants and raises tuition, an economy that has devastated family savings for education, etc. Whatever the reasons behind borrowing and debt, the struggle to manage education loans is having a startling impact on young Americans and generations of student borrowers.

This outstanding debt has only extended the debate about higher education’s return on investment to consumers and its benefit on society. The individual benefits of higher education are clear—the employment options and lifetime earnings projections for college graduates far exceed those who only attain a high school degree. On average, workers with a bachelor’s degree earn 84% more over their lifetime than those with only a high school degree, and they face much lower unemployment rates.

However, the willingness of the federal government to make billions of dollars in investments in higher education every year is based on the notion that a well-educated citizenry has important impacts on society as a whole, well beyond the individual benefited from the education. Research shows that those with a higher education help to secure a healthy tax base to draw local, state, and federal revenue from, are generally healthier, and give back to society at much larger rates in terms of volunteerism and voter participation than those without a college degree. Student loans are meant to provide opportunity for more people to participate in that social compact—the government will give you a benefit now, and you will pay that back over time both financially and by participating in society and our country’s economic success. But when we use debt to fund this social compact, we must understand the effect of that debt and the fundamental impact it is having on the ability of young Americans to prosper from higher education in all the ways intended.
Many educators argue that because of the personal benefit gained, student loans should be seen as "good debt." But even if we see student borrowing as "good debt" and borrowers are able to manage their monthly payments without falling behind, that good debt is still resulting in negative consequences for many, leaving some to question if the costs truly outweigh the benefits. A borrower with good credit but high student debt will face many challenges. Even if they never fall behind on their loan payments, the mere existence of education debt will still impact their ability to take on consumer debt, impact their debt-to-income ratio, possibly raise interest rates on consumer loans, and lower their spending power overall. Kiplinger’s recently published a list of the financial milestones young people should aim to reach in their 20s. These include paying off your student loan debt, building an emergency fund, getting married, and starting to save for retirement. But many recent graduates spend so much time and attention on this first milestone—paying off their student loans—that all other milestones are pushed down the road. Life is being delayed due to the financial obligations associated with student loan debt.

A survey conducted by ASA®, undertaken to gain a better understanding of how student debt is impacting the daily financial lives of young Americans, shows that student loans are impacting the financial decisions young people make on a daily basis. It not only limits their buying power, but makes them reluctant to make major life decisions that require a financial investment and impact career choice. (Full survey results available in the Appendix.) As one respondent to ASA’s survey commented, “having [student] loans does feel at times like it puts your life on hold. There is always the cloud that is looming, which does impact decisions large and small.”

Nearly 30 years since Congressman Ford made that prophetic statement about the inability of the next generation to afford a home or car if they are already burdened by student debt, what is the daily impact of student debt on the 20- and 30-year-olds charged with taking our economy into the future? Many people still see our current student loan problem as a personal struggle that individual borrowers face in exchange for a college education. But are we missing the bigger picture of what 38 million individuals are facing? If the benefit of higher education is both a personal advantage to the individual and a social good, conversely, when does their individual problem become one of national concern? The growing problem of student loan debt is not only the escalating dollar figure of individual loans, but what the student loan burden means for the economic future and life choices of borrowers who will lead our society in the future. What is the real cost for us all when borrowers delay their lives to pay off student loans? And, what can we do about it?

“My student loans are making me give up any future dreams I have; the future feels impossible because of the amount of debt I am in.”

ASA survey respondent, 2013

The Individual and Social Impact of Student Debt

In the grand scheme of things, why does it matter to society at large if young people are moving home with their parents instead of buying a home? Why does it matter if they are making different life and career choices in order to pay off their debt? Even if you are not a parent with a recently refilled empty nest, we as citizens need to be concerned for a number of reasons.

Career Choice

For many recent college graduates, career choice is not an option as those with debt are looking to get any job they can in order to pay the bills and pay off their college debt. This need to get a "job" rather than to start a career can have devastating effects on both the individual and the population at large.

For those who can find a job in this recovering economy, many find that they cannot afford to be too selective when it comes to finding employment. The current unemployment rate for recent college graduates with a bachelor’s degree is 8.9% and approximately 41% say they
have had to take a job that doesn’t require their college degree just to pay the bills. A 2002 study found that 17% of student loan borrowers reported their loans had a significant impact on their career plans. Today, after the economic downturn, ASA’s survey suggests that number has nearly doubled, as 30% of respondents said their student loan debt was a deciding factor or had considerable impact on their choice of career. In addition, 52% said they either strongly or somewhat agreed with the statement that their “need to pay student loan debt is hampering my ability to further my career.” One ASA survey respondent commented, “I need to have two jobs because of my student debt, and I cannot take employment opportunities that will not make enough money, regardless of the potential that they may have in the future.”

Despite the introduction of a number of income-based student loan repayment schemes to make certain career choices more possible for those with debt, unfortunately, far too few people are currently taking advantage of, or even know about, these programs to benefit from them. The programs are grossly under advertised, and as a result, grossly underutilized. In addition, for those with private student loans (51% in ASAs survey), loan forgiveness is simply not an option. As a result, it is not surprising that debt leads graduates to take higher paying jobs in order to pay off their loans and shy away from jobs in public interest fields like education or public service. Twenty-five percent of respondents in ASAs survey stated that their student loan debt affected their choice to take a job in the private sector rather than a public service job. Additionally, a survey of law students found that 66% of law school respondents were dissuaded from pursuing public interest or government jobs because of student loan debt.

Student loans are not just putting a strain on those with typically low paying professions. Even those outside of public service fields are feeling the pinch. The number one career regret is cited as taking a job just for the money, but a 2008 study found that, regardless of the career field of choice of respondents, about “40% of recent graduates took a job that provided higher pay, but less satisfaction, in order to pay off their student loans.” As one ASA survey respondent commented, “I took a job with a company I didn’t care to work for rather than spending time looking for a good fit because I was fearful I wouldn’t be able to make my student loan payments. I stayed at that job longer than I would’ve liked because of the same fear.”

Even those in the business field—an area not typically seen as low paying—are finding themselves trapped in their jobs because of the amount of debt needed to pay for their credentials. Daniel Gulati of the Harvard Business Review argues that, “although external accreditation can open doors, the sheer cost of those same credentials are inhibiting the pursuit of individually meaningful careers.” A recent college graduate may have said it best in his sociology honors thesis. Focused on this idea that he and his fellow students were going to have to change career aspirations to accommodate debt burdens, Daniel Kenny wrote, ”In the battle between economic pragmatism and the pursuits of one’s passions, the former decisively won out. Simply put, too much debt consisted (sic) for my respondents to follow their dreams of performing service or a good fit because I was fearful I wouldn’t be able to make my student loan payments. I stayed at that job longer than I would’ve liked because of the same fear.”

Unfortunately, this regret over job choice does not only impact the employee, but it impacts the employer as well—job regret leads to apathy, low motivation, and poor employee performance. When people take a job just for the paycheck and are not truly invested, such choices can lead to less productivity and work quality suffers. In addition, those who are unhappy with their current working conditions spend a great deal of company time looking for alternate employment opportunities. A study by Monster.com in the United Kingdom found that UK employees spend over 14 million working hours per week looking for a job, costing employers more than $400 million a year in lost productivity. In a time when companies are struggling to stay afloat and thrive, they cannot afford to have employees spending work time focused on their personal finances rather than company success.
As a community, the public depends on qualified, well-trained employees to run government functions from law enforcement to public health. However, because highly qualified employees are going where the money is in order to pay off student debt, lower paying public sector jobs are finding it hard to compete for qualified applicants. If qualified employees with student debt can be hired, they often stay in these jobs for shorter periods of time with education debt cited as the reason they are not able to make that job their long-term career. When the agencies tasked with keeping our government running for the benefit of citizens are understaffed or poorly staffed, all of us suffer; when those best qualified to teach future generations in math, science, and other needed fields, go to other, higher paying jobs, future generations suffer. One ASA survey respondent pointed out, “small towns in rural America are having trouble attracting lawyers and doctors. They routinely graduate with $100,000 in debt. Is it any surprise that so many want to work in lucrative fields and firms? Student loans are widening the gap between rich and poor in this country.” In addition, according to the Consumer Financial Protection Bureau (CFPB), by 2025 we will need an additional 52,000 primary care physicians to meet the nation’s health care demands. However, the American Medical Association cautions that high student debt burdens on medical students will exacerbate the shortage of primary care physicians as medical students are forced into more lucrative medical specialties in order to pay their student debt.

Finally, student loans are hampering our long-term economic prosperity because they may be forcing career choices that stifle innovation and entrepreneurship. We have no way to tell what new invention has been lost or startup company put on hold as the bright young mind dreaming to launch it pays his or her student loans instead. Where once college graduates would leave school and start their own company, today they must take a job in order to pay off loans or they simply cannot get the capital needed for a business because of outstanding student debt. In fact, of those interested in starting a small business, 47% of borrowers in ASA’s survey responded that their student loan debt affected their decision or ability to do so. As the CFPB points out, “For many young entrepreneurs, it is critical to invest capital to develop ideas, market products, and hire employees. Student debt burdens require these individuals to divert cash away from their businesses so they can make monthly payments.” With 64% of new private-sector jobs and 49% of private-sector employment overall coming from small businesses, we can ill afford to have young entrepreneurs staying on the sidelines if our economy is to grow and thrive in the generations to come.

**Home Ownership**

As the housing market struggles to recover from the recent housing crash, a whole generation of prospective buyers—student loan borrowers—is staying out of the housing market, thus possibly slowing economic recovery even further. In fact, some analysts say that student debt is creating a “significant drag on the housing market.” One borrower commented to ASA, “I’m an educated, hardworking professional with a decent salary. At this point in my life, I wish I was saving for a house. But student loans are a huge burden; they’re ‘the new mortgage’ for many people in my generation.”

The New York Federal Reserve found that for the first time since the advent of student loans, “30 year olds with no history of student loans are more likely to have home-secured debt than those with a history of student loans.” In addition, a survey completed by Rutgers University found that 40% of college graduates directly correlated their delay in major purchases like a home to their student loan debt. Respondents in ASA’s survey suggested that the impact of student debt may be even larger with an overwhelming percentage of survey respondents, 75%, saying their student debt has affected their ability or decision to purchase a home.
As previous generations were shaped by the stock market crash, the Great Depression, and earlier recessions, so too members of this generation may be influenced by the financial crisis from which we are now emerging. Some of the delay in home purchases may be driven by this fear—fear that their job is not stable, fear of getting into over their heads, fear that they are not ready for such a big step. One ASA survey respondent commented, “I worry about getting qualified for a mortgage with my student loan debt still hanging over my head, and I worry that with a mortgage it would be too much. Even though I have a good paying job now and can make my payments I still often have a fear of not being able to make them, or that I shouldn’t incur any other debt because I don’t want to add to the debt.”

However, some of the other reasons for the delay are quite concrete. Bloomberg reporter Kirsten Salyer argues that “Commitment phobia isn’t a fad. For most, it’s an economic reality. Renting isn’t a choice when you can’t afford to buy, or qualify for a loan, or count on being in the same job for more than a few months.” As borrower Zach Leshetz commented to the Wall Street Journal, “Everyone says that it’s a great time to buy a house. But that is not an option right now . . . thanks to $800 a month in [student loan] payments . . . I find myself living paycheck to paycheck.”

The challenge Leshetz faces is one encountered by many student loan borrowers. Mortgage companies typically look at two factors when determining borrowers’ eligibility for a home mortgage—their credit score and their debt-to-income ratio. While credit scores can take a slight hit from large numbers of student loans being disbursed to the same borrower, in general, installment loans like student loans will not affect a credit score as long as these loans are paid on time. If a borrower falls behind on paying his or her loans, their credit will take an immediate hit—making the prospects of home ownership that much harder to attain. According to the Federal Reserve Bank of New York, some 30% of all student loan borrowers are delinquent on their loans and have likely taken a credit hit that would make a mortgage approval much more difficult. But even when a borrower is diligently paying their loans, a large amount of outstanding debt will affect a borrower’s debt-to-income ratio (DTI), and the DTI is something that mortgage companies look at closely when determining eligibility for a home mortgage. The DTI is calculated by adding all home expenses such as potential mortgage payments, home insurance, and taxes with all other recurring debts such as student loans, car loans, and credit card payments. All these debts are then divided by the borrower’s gross (pre-tax) monthly income to determine the percentage of debt he or she has versus the amount of monthly income available. In order to qualify for a home mortgage, most mortgage companies will look for a DTI of 38% or lower. This need for a low debt-to-income ratio is making the dream of home ownership challenging for student loan borrowers.

Consider this:

- The national median existing-home price as of June 2013 was $214,200. With a 3.41% interest rate (the average low for a 30-year fixed rate mortgage as of January 2013), a monthly mortgage payment with average taxes and insurance would be about $1217.07 for a home mortgage if the entire housing cost is mortgaged.

- The average student loan borrower in 2011 graduated with $26,600 in loans. If paid back over a standard 10-year period with an average interest rate of 5.725%, the monthly payment would be approximately $103.12.

- The average amount of credit card debt for 25 to 34 year olds is $5,156, with a required monthly minimum payment of 2% or $103.12.

- A 2012 college graduate with an average salary of $44,445 would bring home approximately $3,700 a month before taxes.

- This means that the average amount paid for a mortgage, student loans, and credit card debts equals $1611.86, or 43.56% of the average college graduate’s gross pay—7% higher than the maximum debt-to-income ratio required to qualify for a typical home mortgage, and with no room left for an auto loan or any other type of installment loan.
And for those facing student loan payments even slightly larger than the monthly average, working at jobs that pay slightly lower than average, or living in an area with higher than average home prices, home ownership will be out of reach—or at least on hold. A recent study by the Young Invincibles found that “the average single student debtor is likely ineligible for the typical home mortgage due to their debt-to-income ratio . . . [and for couples, it was] more difficult to qualify for a home mortgage when even one of the buyers has student debt, and even harder if both buyers have student debt.”\(^4\) An ASA survey respondent commented, “I think [student debt] prevents me from saving for a down payment and/or qualifying for a loan for homeownership. I’d like to purchase a home in the next two to three years, but realistically, this would probably occur in seven years, once I pay off the student loans.”

In addition to the DTI, tighter lending practices in the post housing bust have led to higher requirements for down payments. The Federal Housing Administration requires a down payment of at least 3.5% of the home price for their federally backed loan program.\(^4\) However, in a survey of nine major U.S. cities, the Wall Street Journal found that the median down payment was 22% in 2010.\(^5\) As Neal Soss, the chief economist at Credit Suisse puts it, “It takes a certain amount of time for people to save that up, and the more they’re burdened with student loans, the less possible it is for them to accumulate that chunk of liquid capital that allows them to make that.”\(^6\) And while low or no down payment mortgages are possible to find, most borrowers with a high debt-to-income ratio and average credit score (mainly because a good credit score takes some time to build) would not be approved for such a mortgage.

My student loan debt led me to delay moving out of either my parents’ or a family member’s home

In order to save for a house and other major expenses, more and more student borrowers are finding themselves moving back home with their parents after leaving college instead of moving out into the world. According to the Pew Research Center, approximately 21.6 million 18- to 31-year-olds, or 36% of that population, were living at home with their parents in 2012.\(^7\) There has been a 46% increase in this trend since 2007.\(^8\) Twenty-seven percent of those responding to ASA’s survey stated that their student debt was either a strong factor, or somewhat of a factor, in their decision to delay moving out of their parent’s home. One respondent commented, “After I left school, I had to move home and start repaying my loans. I never thought I’d be living with my parents in my 30s.” Another person commented, “While I am able to buy food and clothing, I am not able to live on my own. I have to live with my parents, which I am grateful for, but I am an adult and due to my student loans I do not have enough money to rent an apartment, get my car fixed, go on vacation, or save money. Essentially I am able to live from paycheck to paycheck and fear for the time when I am not.”

On a personal level, home ownership can be an important benchmark of economic security and success that has major implications on the economy at large. As Duke University researcher Mary Elizabeth Hughes commented, “Ownership represents a major transition point in people’s lives and lifestyles. The fact of ownership, as well as the quality of the home, anchors one’s consumption lifestyle and leads to other consumptions. Second, the ability to achieve home ownership is an important marker of economic security. Housing equity is most people’s major component of wealth, so owning a home has important implications for future economic wellbeing.”\(^9\)

First-time home owners are also a key factor in the recovery of the housing market, which in turn affects the economy at large. According to the California Association of Realtors, approximately $60,000 in direct and indirect spending is added to the economy for every home that is purchased, and in an average year, home sales generate more than 2.5 million private-sector jobs.\(^10\) Because they are seen as the first rung of the housing ladder, young adults who cannot become first-time home buyers create a ripple effect. When a first-time home buyer purchases a home, he or she allows current owners to sell and move to more expensive homes, thus spurring both further home sales and home building activities. This new construction generates employment for associated industries, as well as taxes for local, state, and federal governments. Home sales also generate business for everyone associated with a home sale—real estate agents, attorneys, mortgage brokers, home remodelers and
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improvers, landscaping services, and ancillary services like appliance and furniture sales. With more and more young adults shut out of the housing market because of their student debt, fewer first-time homebuyers start the ripple effect needed to continue to grow the housing economy.

“My goal in life is to be happy, work hard, and be free. I wake up every day and I think about my loans. My student loan debt is such an oppressive obstacle to my happiness and freedom, that I feel like I can’t start living my life until I’m 35, when I pay off my loans. And even then, I’ll need to take out more loans to earn a master’s degree to earn more money.

- ASA survey respondent, 2013

Marriage and Family

Despite the fact that millennials (adults ages 18 to 29) view parenthood and marriage as more of a life priority than career and financial success, many with student debt seek financial stability before marrying or beginning a family.

The average age for a marriage in the United States has gone up significantly over the last few decades. In 1965, the average age for marriage was 23 years old for men and 21 years old for women. Today, that average has gone up by six years to 29 years old for men and 27 years old for women. One of the reasons for this higher marriage age is the inability of young people to meet the financial milestones Kiplinger’s outlines, such as paying student loans, starting an emergency fund, and starting to save for retirement in a timely way. As sociologist Mary Elizabeth Hughes points out, “One of the leading explanations for this trend points to a series of economic transformations that has made attaining economic security more difficult for many and impossible for some. From this perspective, marriage is being delayed—and even forgone—because inauspicious economic context prevents individuals from reaching the minimum economic threshold required for marriage.”

In addition, “culturally, young adults have increasingly come to see marriage as a ‘capstone’ rather than a ‘cornerstone’—that is, something they do after they have all other ducks in a row, rather than a foundation for launching into adulthood and parenthood.” While there are many reasons for this economic insecurity, a growing factor is student loan debt.

Anecdotally, stories have surfaced about young people breaking up over student debt, and others saying they don’t “feel financially ready for marriage” because of their student loan burden. A report from Rutgers University found that 14% of student loan borrowers delayed marriage or other relationship commitments as a direct result of their student loan obligations. ASA’s own survey results suggest that these numbers may be even higher. Twenty-nine percent of respondents indicated that student debt affected their decision to delay marriage. One survey respondent commented that, “the financial realities caused by student debt would not allow for me to set aside money for these events. I have had to delay marriage longer than anticipated.” Another person commented, “I cannot get married if I do not have savings. I cannot purchase a home without savings. I cannot save for anything when all my money goes to student loans.”

It stands to reason that those who feel they are not financially ready to marry because of student debt are also putting off starting families because of their debt. College educated women already have a propensity to have children later in life, with one-third of college educated women having their first child at 30 years old or later, as opposed to the national average of 25.4. For those with student debt, this issue is only exacerbated. One borrower was quoted in the Wall Street Journal as saying, she has “given up on her hopes of getting an M.B.A., starting her own interior-design firm, or having children. ‘How could I consider having children if I can barely support myself?’ she said.”

A survey conducted in 2002 found that at least 21% of student loan borrowers delayed having children specifically because of their student debt. ASA’s survey shows that today that number may be closer to 41%. A respondent to ASA’s survey commented, “I can’t afford to have kids and pay off my loans. Something has to give and we have put off children until loans are at least manageable.”

Have student loans impacted your decision to delay marriage?

Yes 29%
No 71%
Delays in marriage and family hinder economic stability for future generations. We will not debate the social, moral, or health concerns related to delays in marriage and childbirth here, as the purpose of this analysis is to better understand the impact of economic decisions on marriage and family. The only relevant factor is that there is evidence that student loans are creating economic insecurity, which makes commitment to long-term life choices of any kind more challenging despite the many economic benefits that married couples have.

Studies show that for some populations, particularly the college educated, there is an economic benefit to delaying marriage until career stability has been reached. However, there are also benefits that are being missed because of this delay. A Pew Research study found that on average, married adults have made much greater economic gains since 1970 than unmarried adults, and that “from 1970 to 2007, their median adjusted household incomes, the sum of financial contributions of all members of the household, rose more than those unmarried.” Upon the last review conducted by the Government Accounting Office, over 1,100 federal statutory provisions under U.S. law grant federal rights, privileges, and benefits to married couples. Some of these are more social in nature, such as the right to visit a spouse in the hospital, make medical decisions on their behalf, or take family leave to care for a spouse during illness. However, many of the legal benefits of marriage are purely economic—federal and state tax benefits, right to inheritance from an estate, right to Social Security, Medicare and Disability benefits, right to veterans and military benefits, access to family rates for health or auto insurance, etc. Some economic benefits to marriage are not codified in statute, such as the fact that marriage generally means a pooling of incomes and resources, which leads to more economic stability for the household and a sharing of household costs. When people delay marriage because they don’t feel economically secure due to student debt, they are missing the economic benefits that marriage offers.

Aside from the biological and health concerns of having children at an older age, putting off children until later in life can also have an economic impact. As with delays in marriage, delays in childbearing can provide economic benefits to some demographic groups more than others—particularly college-educated women. However, one of the biggest economic risks these borrowers face is that by delaying marriage and children, they run the risk of pushing their parents into the “sandwich generation” and being forced into it themselves down the road. The “sandwich generation” is the generation of adults who find themselves with the financial and emotional burden of caring for both aging parents and growing children at the same time. In fact, today, 47% of adults age 40 to 59 have a parent 65 years or older AND are either raising a young child or financially supporting a child 18 years or older. About 15% of 40 to 59 year olds are providing financial support to both an aging parent and a child. The financial strain of meeting the needs of raising a child while financially supporting a parent has a significant impact on those doing so, with 40% finding it hard to meet their own basic expenses because funds are diverted to others’ needs.

Beyond paying for everyday necessities, many strapped with student debt are putting off saving for later in life. In fact, 73% of those responding to ASA’s survey said they have put off saving for retirement or other investments because of their student loans. Those savings delays put a greater strain on social service resources for the elderly. In addition, because those who marry and have children later in life tend to have fewer children, there is an impact on how they will be personally supported by their children as they age and an impact on how many workers will be available to financially support aging generations at large. We are starting to see this strain now as the Baby Boom generation heads towards retirement and the current workforce struggles to meet the demands promised to them through Social Security and other financial support systems. This cycle will only continue as Millennials delay marriage and children to meet financial obligations such as student debt prior to raising a family.
Finally, we should note that student debt is not only affecting those who recently left higher education, but is still having a lingering impact on nontraditional students and the finances of those who took out the first loans put into place in the 1960s. A report from the Federal Reserve Bank of New York found that borrowers over the age of 50 account for 17% of the outstanding loan population. Many of these people may have taken on loans to help children or grandchildren attend college, but some of them have student loans that paid for their own education. A growing number of those early student loan borrowers are now heading for retirement and have found their financial situation precarious at best due to their outstanding student loans. The existence of these student debts has made it harder to save for their own retirement, harder to pay for their children's education (possibly resulting in their children taking on larger college debts), and many find that their Social Security is now being garnished in order to pay off defaulted student loans. The U.S. Department of Education (ED) is clear that if someone defaults on his or her federal student loan, "the U.S. Department of the Treasury, at ED's request, can withhold money from your federal income tax refunds, Social Security payments, and other federal payments to collect your defaulted federal student loan." In fact, according to a report compiled by the U.S. Department of Treasury for SmartMoney.com, the Social Security checks of 115,000 retirees were garnished during just a six-month period from January to August of 2012. As a result, student debts are affecting the purchasing power of retirees decades after they concluded higher education. And as more and more students leave school with loan debt, this lingering impact is likely to be the story for generations to come as the cycle continues for those delaying life because of student loan debt.

“It's (sic) impossible to have a quality life and have student debt. You live to pay off debt, and not to experience what you learned about in school.”

- ASA survey respondent, 2013

**Recommendations:**

Through federal policy and state budget priorities, we as a nation have chosen debt as the primary means of funding higher education. There is unlikely to be a seismic shift in the way higher education is funded in the coming years, and college costs are unlikely to be reduced from their current levels. As a result, we must find a way to ensure that borrowers have better means of managing the debt they are taking on in order to improve their economic future. If federal student aid exists to promote social mobility, the focus of future student aid policy should be on finding ways to limit the negative financial impacts that student loan debt has on the post-graduation consumer life of students.

As the federal student loan system was established for the collective good of the nation as well as to assist individual borrowers, so too does the nation at large have a collective responsibility to refocus the program on borrower success. The federal government, state governments, private sector employers, private lenders, and colleges and universities all have a role to play in ensuring that borrowers can not only survive the student loan payback process, but thrive as consumers throughout that process. We suggest the following steps to achieve this goal in a way that benefits both student borrowers and society at large.

**Federal government:**

*Support more funding for grants*

For many years, grants were the primary means of paying for higher education, thus lessening the amount to be paid back post-college. Since 1982, however, there has been a shift in the composition of financial aid packages and loans have outpaced grants as the primary means of financial aid funding. The federal government should encourage ways to shift the balance back to make a borrower’s aid package more grant aid. This will not only take a commitment from the federal government, which accounts for 44% of total grant aid awarded, but other players such as states, schools, and private industry, as well.

*Support college savings plans and encourage early saving for higher education*

Even though many parents find themselves still saddled with their own student loan debts, the benefits of saving for their child's education needs to be reinforced by the federal government. College savings accounts have proven to have a positive impact on both college access and
completion rates, and decrease the amount students must borrow to complete higher education. In light of these positive results, the federal government should do more to encourage early college savings when possible. Examples that should be considered include: instituting tax deductions that will allow an employer to match an employee’s contribution to an approved college savings plan; supporting and facilitating scalable pilot programs that show the effectiveness of early college savings for constituencies that historically have not saved much for college; promote initiatives that look to expand use of college savings plans; continuing to explore ways that Pell Grants can be better used with 529 plans to improve college savings and college completion for Pell eligible students; and encouraging states to improve tax codes to make college savings plans more attractive and enrollment easier.

**Keep interest rates on student loans low**

The federal government makes 36 cents for every dollar it lends in the direct student loan program. Next year the federal government is projected to make an estimated $34 billion from student borrowers. Often, this money goes to paying down debt and other federal expenditures wholly unrelated to higher education. Borrowers struggling to pay their student loans should not have to foot the bill for the loan obligations of the federal government.

Federal student loans should be cost neutral to the government—that is, they should cover the cost of the program, not create profit off of student borrowers. Student loan interest rates should be set to a rate that will allow the government to cover the cost of the program and no higher. At a minimum, if consensus cannot be reached on the low rate of federal student loans, all excess profit on the loans should be earmarked for higher education programs that help defray the cost of college attendance. The original purpose of the federal student loan system was to create opportunity for borrowers, not cripple them with unnecessary debt. It is time for the federal government to get back to that principle.

**Provide borrowers with proactive, timely information about available payment solutions**

The strength of the federal student loan program is the breadth of the payment options already enacted by Congress, which offer solutions for almost every imaginable barrier to successful repayment a borrower can face. The program’s downfall, however, is that such an extensive range of options can be confusing—and the program offers no universal communication or support network to borrowers as they weigh their choices. This is evidenced by ASA’s study and numerous other recent reports that show that many student loan borrowers’ life decisions are hampered by their monthly student loan obligations because they just do not understand available payment remedies. For example, student borrowers who choose to enter the public sector could combine Income-Based Repayment with Public Service Loan Forgiveness to make 10 years of reasonable student loan payments (no more than 10-15% of discretionary income), after which any remaining balance is forgiven. Similarly, borrowers can choose from a variety of payment plans designed to make the monthly payment more manageable, specifically so that they can both repay their student loans AND pursue other financial goals. Borrowers are failing to take advantage of these programs, as evidenced by the growing number of delinquencies and defaults and growing negative perceptions of the debt, either because they are unaware these options exist or because they cannot navigate the overly complex enrollment process.

Every federal student loan borrower deserves the right to free, timely, proactive payment information and support from a neutral resource throughout the entire life of the loan, not just as he or she enters and exits college. As a result, schools should be incented by a matching grant program from the federal government to provide education debt management services to their students as they go through the repayment process. The federal government has an obligation to ensure that students can manage the loan obligations they are undertaking without financial missteps. Likewise, colleges and universities have a responsibility to ensure their alumni are financially competent and can meet the obligations laid on them with rising tuition costs. A matching grant program between the federal government and colleges, established to secure the education debt management services on behalf of the borrower, should be a priority. Only by ensuring that borrowers know all of their obligations and rights will the federal student loan program ever truly work in the best interest of borrowers.
States

Commit more state funding to higher education

The vast majority of those attending an institution of higher education in the U.S. attend a public college or university. While private colleges must do more to tame their escalating costs, states must also make a commitment to controlling the growing costs at the public institutions that educate 76% of college-goers. According to the College Board, the average tuition and fees at public four-year colleges and universities rose 52.6% from 2002-03 to 2012-13. The rise in tuition at public colleges and universities is a direct result of shrinking state budgets, which have cut support to higher education. Costs are being passed on to students who must shoulder the burden of the state priorities in the form of higher tuition and fees. States should make more of a commitment to higher education as an economic development tool for their own region, as a job creator, and as a means of economic growth.

In addition to dedicating more money to colleges and universities to control the costs of tuition and fees, states must commit more resources to state grants. Today, only 9% of all grant aid comes from state governments. States must be more of a partner with the federal government in ensuring that students receive a high quality education without financial demise and the burden of additional debt.

Consider a radical shift in the way higher education is funded

Solving the challenges we face with higher education debt will take creative ideas that may not have been tried before. States should try new and innovative approaches to funding higher education while maintaining their commitment to fund public higher education at the state level. We must move away from "business as usual" ways of funding higher education, but cannot pretend that states do not have a role to play in helping student keep debt burdens low and help borrowers manage their education debt. It is time to throw out the playbook and start from scratch to develop a higher education funding system that works for all parties involved—schools, governments, and the student borrowers.

Private Industry

Commit more to scholarships and grant aid

While it is vital for the public sector to do more to help manage higher education debt, there must be a tandem commitment from the private sector to assist with this struggle, as employers are among the primary beneficiaries of a highly educated population. Greater private resources can and should be committed to the ongoing effort to make colleges more affordable for students. Today, only 10% of grant aid comes from employers and other private sources. However, private sources have a vested interest in lessening the financial burden placed on young consumers by student loan debt. While hampered by student debt, these young consumers cannot fully participate in the economy or invest in the products and services supplied by local industry. The student loan borrowers of today are the consumers of tomorrow—if they can afford to be. It is in the best interest of companies, employers, and private industry to play a role in lessening the debt burden of student loans by committing more resources to grants and scholarships.

Commit more to student loan repayment

Employers are the primary beneficiaries of a highly educated population. Thanks to a tax benefit, many employers offer tuition reimbursement that will allow employees to further their education. Unfortunately for the employer, once these credentials are gained, the employee often moves on to other opportunities. Employers would benefit, and retain employees, by helping employees pay for the loans that got them the great job in the first place. In ASA’s survey, 83% of respondents said that, all other things being equal, if an employer offered assistance with student loan repayment, it would be the deciding factor or have considerable impact on their choice to take that job. Legislation is pending in the U.S. House by Congressman Steve Israel entitled The Student Loan Employment Benefits Act (H.R.395), which would provide tax
incentives for employers to provide this benefit to their employees. Even without the tax benefit, however, employers like ASA that currently provide small amounts of loan reimbursement to employees have seen increases in retention and job satisfaction.

**Private Lenders**

Create flexible repayment options

Federal loans make up 85% of the nation’s over $1 trillion in student loan debt, but a significant portion of borrowers often carry private student loan debt in addition to federal debt. Only 3% of ASA survey participants had just private loans, but an additional 48% had both federal and private student loans. Unfortunately, the lack of flexible repayment options leaves many private loan borrowers in dire financial straits. Currently, regulatory constraints limit lenders’ flexibility to modify repayment terms prior to default; these regulatory issues should be evaluated in light of current economic realities. If given more flexibility, private loan lenders should then develop repayment options based on interest only and income related factors that can be adjusted as the borrower’s circumstances change. As with federal student loans, these payment options must be well-advertised and supported, or they will be underutilized as a result.

**Colleges and Universities**

Do more to control college costs

It goes without saying that the best way to help with escalating student debt is to keep the costs of higher education low for students. As mentioned earlier, states play a large role in helping to control costs at state schools, but more must be done at the institutional level, both public and private, to control continuously escalating tuition and fees. A recent report found that the cost of college has gone up 1,120% since 1978. It is unsustainable for prices to continue to rise at this rate and expect that the next generation will shoulder the burden. Colleges and universities must make a concerted effort to minimize tuition cost increases.

Teach students how to borrow less and borrow wisely

While the image of student borrowers “living large” off of their student loans is more the stuff of myth than it is rooted in reality, colleges still have an obligation to reinforce with their in-school population the need to live like a student now so they won’t need to in the future. Students should be instructed on the simple basics of budgeting, personal finance, and the difference between wants vs. needs, so that all borrowing is kept to a minimum. Additionally, colleges need to inform students that not all student loans are created equal. A distressingly high number of private student loan borrowers are not aware that these loans have fewer payment options than federal loans, or the benefits of exhausting all federal loan options first. Given the current inability of private student loan borrowers to make payments more manageable, colleges need to emphasize to borrowers that these loans should be a last resort when all other aid has been explored.
Of course, supplying debt management education to students comes at a financial and resource cost, and schools need not carry this burden alone. As federal and state financial aid policies also influence debt level amounts for students, government funding could help defray this financial expense for colleges. As mentioned earlier, the federal government should provide resources to assist the schools in providing these services through a grant program.

It is in the college’s best interest to provide such services. Not only did 60% of ASA’s survey respondents reply that they thought their alma mater should help them manage their debt, but 77% said that their debt has negatively impacted their ability to donate to their alma mater. A smaller percentage, 72%, said that their student debt has negatively impacted their willingness to donate to their alma mater. This suggested that 5% of ASA survey respondents would be willing to give to their institution if they had the means. A 5% increase in annual giving would more than cover the cost of providing loan counseling services and could create alumni donors for life for the institution.

**Conclusion**

If student loan borrowers continue to sit on the sidelines and delay financial commitments, the U.S. economy will plod cautiously along—rather than thrive with the help and economic investment of a new generation of well-educated consumers, eager to participate in driving the economy but hampered by their college debt. It is in everyone’s best interest to address this problem and make a concerted effort to lessen the burden that student loans are having on generations of American consumers. Some simple, and some not so simple, steps can and should be taken to address this growing challenge so that we can fulfill the dream of higher education intended by Congressman Ford and others, rather than living up to Ford’s fear of a student loan system creating debts that become a burden to economic success.

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The Impact of Student Debt on the Daily Lives of Young Americans


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http://blogs.hbr.org/cs/2012/12/the_top_five_career_regrets.html

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Ibid.


Stone, Charley, Carl Van Horn, and Cliff Zukin, “Chasing the American Dream: Recent College Graduate and the Great Recession.” John Heldrich Center for Workforce Development, Rutgers University, May 2012.

Life Delayed: The Impact of Student Debt on the Daily Lives of Young Americans

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The annual costs for a homeowner’s insurance policy can be estimated by dividing the value of the home by 1,000, then multiplying the result by $3.50. Henshaw, Ashley, “What is the average cost of homeowner’s insurance,” SFGate.com, available at: http://homeguides.sfgate.com/average-cost-homeowners-insurance-3020.html.


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http://articles.latimes.com/2012/jan/19/opinion/la-oe-coontz-marriage-20120119


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Written by Julie Ryder Lammers, J. D., Director of Government Relations and Community Affairs with assistance from Alexandra Carroll and Susan Loughnane.
Appendix: Life Delayed Survey Results

About the survey
American Student Assistance® (ASA), a nonprofit based in Boston, Massachusetts, conducted an open invitation survey of young professionals nationwide. One thousand surveys were emailed to individuals, young professional groups, and youth focused professional associations in all 50 states. At the time the analysis was compiled, 259 individuals had responded to the survey. The survey was open from May 14, 2013 to May 31, 2013. As the survey respondents self-selected to participate, they do not necessarily represent the U.S. population at large. But participants provided results that are directionally indicative of the problems student loan borrowers are facing. Those responding to the survey were not provided with an incentive to participate.

Demographics of the survey group
Ninety-nine percent of those who responded to the survey were between 18 and 40 years old. Forty-three percent had a four-year college degree, 38% had a master’s degree, and 6% had a doctorate or professional degree. Seventy-four percent of respondents had an annual salary of less than $60,000.
Student loans
Ninety-three percent of those who responded to the survey had student loans. Of those with loans, 93% had federal loans; 48% of those with federal loans also had private student loans; 3% had only private loans, and the remaining 4% were unsure of the source of their loans.

Student loan problems
Those surveyed were asked if they had ever run into problems with the ability to pay their loans. These questions were broken down into three parts: (1) the ability to pay the requested amount, (2) confusion about loan paperwork, and (3) confusion about repayment options. Those responding indicated that 51% had run into problems with the ability to pay the requested amount on their loan; 60% had run into problems with confusion about repayment paperwork; and 69% had problems with confusion about loan repayment options.
Impact on career choice
For many recent college graduates, career choice is not an option, as those with debt are looking to get any job they can in order to pay the bills and pay off their college debt. Thirty percent of those who responded to ASA’s survey replied that their student loan debt was the deciding factor, or had considerable impact, on their choice of career field. Twenty-five percent responded that their student loan debt impacted their choice to take a job in the private sector rather than a public service job. Thirty-four percent noted that they took a job outside of their field of study in order to pay their student loans. Thirty-four percent responded that their loans strongly impacted their choice to take a job they were not interested in but paid more than a job they were interested in, in order to pay their loans. Forty-six percent said that their loans impacted their decision to stay in a job they were not happy with longer than they wanted in order to pay their loans. Fifty-two percent either somewhat or strongly agreed with the statement that their “need to pay student loan debt is hampering my ability to further my career.” Finally, 47% said that their student loan debt impacted their decision or ability to start a small business.
Impact on purchasing power

One ASA® survey respondent commented, “Student debt is the worst thing ever. It weighs on every decision I make, from food shopping, to where I choose to live, to how I spend my free time, to what clothes I wear, and ultimately, what career I choose. I spend less, not because I make less, but because I pay out so much every month to student lenders. By spending less, the economy doesn’t grow. This is an extremely important issue that needs to be more of the national dialogue.” And this borrower is not alone—27% of respondents said they found it difficult to buy daily necessities because of their student loans, while 63% said it impacted their ability or decision to make larger purchases such as a car. Sixty-nine percent of those surveyed stated that their student loan debt was hampering their ability to make luxury purchases like going on vacation. Seventy-three percent said they have put off saving for retirement or other investments because of their student loan debt. Finally, the vast majority—75%—of those who answered ASAs survey indicated their student debt impacted their ability or decision to purchase a home.

Impact on life and family choices

In addition to major purchases, student loan debt is having an impact on major life decisions as well. Twenty-nine percent of those respondents in ASAs survey indicated that they have put off marriage as a result of their student loans. Forty-three percent said that student debt has delayed their decision to start a family, and 22% indicated that it has delayed their decision to add to their existing family.
Impact on living choice

If 75% have delayed purchasing a home, where are they living? It would seem that more and more young adults are choosing to stay at home with mom and dad. Twenty-seven percent of survey respondents said that their student loan debt had an impact on their choice to delay moving out of their parents’ or a family member’s home. Forty-three percent said their debt played a role in their decision to live with roommates. Twenty-eight percent said that their student debt played a role in which state they would live in after school. And 31% of those who indicated they moved to a different state after leaving school said that they intentionally moved to a state with a lower cost of living.

Feelings about the college experience and view of school

Despite the struggles that borrowers are having with their student debt, 69% felt that their college experience left them better off, despite the debt they incurred. However, because of the debt incurred, 9% felt their college experience wasn’t worth it and left them worse off than if they hadn’t attended college. Three percent indicated that their college experience has had little impact on their life for the better or worse, and 20% indicated other factors were true.

“My college experience . . .

- was valuable and left me better off, despite the debt I incurred.* 69%
- wasn’t worth it and has left me worse off than if I hadn’t attended college, because of the debt I incurred.* 9%
- has had little impact on my life for the better or worse.* 3%
- Other 20%

*As of March 2013.
A sample of these “other” factors cited in comments include,

“My college experience . . .

- “was valuable, however it is NOT worth the amount of debt I have.”
- “was valuable to my personal fulfillment, but I wish I had a job in the field.”
- “was valuable but I could have probably gotten the same value going to a cheaper college.”
- “was transformative, but I'm not sure it was worth the expensive price tag.”
- “is a necessary evil.”
- “was valuable and left me better off, but the debt is seriously holding me back significantly.”
- “was wonderful. I got a great education but I am not in the position now to get a high enough paying job to pay off my loans unless I return to graduate school, which will incur more debt.”
- “was valuable and left me better off, but if I had to go back I would make different decisions regarding my student loan debt.”
- “was valuable and left me better off, especially as I received enough aid to avoid going into debt.”
- “was great but the private loans and the headache are not worth it.”
- “was great and opened up opportunities for me. However, student loan debt has made my life challenging after, especially to pursue a career in the field I want to. I get by every month, but it is tough.”
- “I'm glad my college experience left me debt free, and my graduate experience was definitely worth the debt I incurred.”

In addition, the majority—54%—said that knowing what they know now about the struggle to pay back loans, they are either unsure or definitively would not have made the same college decisions. Forty-six percent believe they would make the same choice.

Would you have made the same college decision?

<table>
<thead>
<tr>
<th>Yes</th>
<th>46%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsure</td>
<td>24%</td>
</tr>
<tr>
<td>No</td>
<td>30%</td>
</tr>
</tbody>
</table>

Fifty-eight percent said that their current student debt impacted their decision to further their education. Many people commented that this was due to a fear of having to take on more debt in order to finance additional education.

Has your student loan debt impacted your decision to further your education?

<table>
<thead>
<tr>
<th>Yes</th>
<th>58%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>42%</td>
</tr>
</tbody>
</table>
The vast majority of those who responded to the survey felt some sense of personal responsibility for their student loan debt with 91% indicating that they were responsible for the debt since they took it on in the first place. However, other than themselves, 32% of respondents see the school they attended as secondarily responsible for the debt they incurred, followed by the lender at 23%, “other” at 19%, and the loan servicer at 18%. An explanation of the “other” can be found in the box below.

**Who do you feel is responsible for your student loan debt?**

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am; I took on the debt in the first place</td>
<td>91%</td>
</tr>
<tr>
<td>The school(s) I attended</td>
<td>32%</td>
</tr>
<tr>
<td>The student loan lender(s)</td>
<td>23%</td>
</tr>
<tr>
<td>The student loan servicer(s)</td>
<td>18%</td>
</tr>
<tr>
<td>Other</td>
<td>19%</td>
</tr>
</tbody>
</table>

Despite the fact that borrowers feel they are responsible for the debt, 60% feel that their alma mater should play a role in helping them manage their student loans. In addition, the student debt burden is impacting both the borrower’s ability and willingness to give back to their school, although not at the same rate. Seventy-seven percent of survey respondents stated that their loan debt is impacting their ability to give back. However, a slightly smaller 72% said that their debt also impacted their willingness to give back, suggesting that 5% would give more to their alma mater if they had the means.

The survey also asked a few open-ended questions that survey respondents had the option to answer. A selection of those responses is below.

**When you hear the term “student loan” or “student debt,” what is your initial reaction? (Select responses)**

- A number of responses were expressions of frustration: Scary, Dread (mentioned twice); Stress (mentioned three times); Ugh (mentioned seven times); Anxiety (mentioned five times); Frustration; Depression; Fear; Confusion and worry; Disgust and frustration; Embarrassment, stress, feelings of being overwhelmed.
- Oh my God! How am I going to pay mine off?!
- A necessary evil that produces little monetary return on investment
- I feel a terrible weight on my shoulders.
- In college, I worked hard to ensure that my borrowing needs were kept to a minimum, both by seeking out scholarship funds from whatever source I could, and working (3 jobs at once, at one point during my senior year). So, I regard student debt as an important part of college funding for many students, but not an absolutely essential one in my experience.
- unfair, higher education and ALL education should be FREE
- I’ll be paying for a long time.
- I fear that the student loan debt of my fiancée has ruined his credit and it’s a huge piece of both our salaries that goes towards our educational debt.
- To (sic) many people rely on loans to get them through school. Work a little or don’t go to an expensive school.
- never ending burden
lack of upward mobility
Ruined my life
I’ll be paying until I’m dead.
Incalculable amount of money I have to pay back after college with or without a job.
I am glad I got through school without them.
It’s something that all people my age have to deal with.
Don’t do it!

Are there any additional observations you want to share about student loans and their impact on life after graduation or leaving school?

I only took out the amount I NEEDED, so I feel like I walked away with much less debt than many do, but it was a joyous day when I made that last payment!
I would not have taken more than the bare minimum if I knew what I know now.
My debt is minimal. It is scary to think about the way debt has impacted many of my friends and loved ones.
They really delay you from achieving what you want. I made more without my degree than I do now. Really wondering why I got it.
My poor, poor generation
Higher education should be free and shouldn’t punish and limit young people’s ability to make a living.
I think there needs to be more education in a simpler language to high school seniors and those entering college. Students are making decisions to go to school not realizing the debt they will have to deal with years later. The impact is not realized until they have to deal with it.
Unfortunately not all students are the same. Neither of my parents went to college and I wasn’t at all prepared for what that amount of debt would mean for me after graduation. I assumed I would make a lot of money and it wouldn’t be a big deal. I made a great salary but most of every paycheck went to my student loans and my mortgage. There was little leftover for saving.
My family, even though middle class, could not support me in college and my university/parents offered little guidance in student loans. I am aware I took out these loans, but without them I would have not gone to college. In hindsight, I wish I had been smarter about borrowing, but also wish someone from my university would have walked me through what this looks like further down the road. Student debt is a reality for people my age, but the interest rates are so high that the result is the monthly payments are high as well.
I wish that high schools and colleges would spend as much time on educating students about financing their education as they do about prom and college sports. I also believe that everyone who feels compelled to take out student loans to finance their education intend to and do their best to repay this obligation, however lenders and schools make it near impossible, especially in an economy as volatile as the USA’s has been for the past decade.
Student loans will control how you are able to live your life.
Society needs to have better information to prevent making bad choices. However, we cannot forgive and condone irresponsible decisions and we should reward responsible behavior, making the most of your education and timely payments.
It’s really dominating my financial reality; it’s the largest monthly expense after rent. I wish I could save for a house or take more vacations, but that won’t be happening any time soon. It’s this huge burden that will be dogging me for decades.
• They really haven’t had much of an impact on me at all, but then my debt is relatively low compared to many of my friends who lived off student loans in college.

• I understand that I took the loans out and therefore am responsible for paying them back, but it’s very frustrating to be in so much debt when the system is broken. I think all parties—students, schools, and loan providers—need to take responsibility until the system can be fixed and the cost of higher education is reduced.

• It’s sad and disheartening that I have a negative reaction to my college experience due to the financial impact it has had on my post-graduate life.

• I don’t believe that there is anywhere near enough information about how negatively student debt can affect life after graduation. Almost a year later I am still figuring things out and discovering new disappointments.

• Be willing to live on ramen noodles for many years and live cheaply just to be able to afford the basics (plus a little emergency fund).

• This is the only debt I have ever had. I am very responsible with my finances in every other aspect of my life, but the fear of this debt is crushing.

• It’s a huge weight hanging over my head and I look at my paycheck to make sure I can pay what I owe. It’s difficult to plan longer trips or save as much because I have this debt. But it doesn’t stop me from living.

• It’s very scary to enter the world knowing that you have this huge mysterious burden over your head. Many of our parents, even if they went to college, did not deal with these levels of debt. It’s scary to take on the unknown.

• I am in the position now working with high school students to advise them about what colleges to attend and I always warn them about taking out student loans. All of my loans are in my name (although my mother had to cosign some later on in college because the loan holder changed requirements) and they are my responsibility. But, it is a responsibility that I am not prepared to shoulder. I had no idea what I was getting into. Neither did my family, or my high school advisors. Now I am in a difficult position and I just hope that others are able to see another way out. Unfortunately if you cannot afford school (which I couldn’t) you will have to take out loans. Even with the scholarships I received, college is expensive. Everyone puts great thought into buying their first home, but do not realize that what college you attend is just as much of a financial commitment.

• Especially in this economy, we as a society need to get over this notion that the only path to professional success and happiness is through an expensive post-graduate degree. Simply put, let’s make education more practical.

• My parents also took out a loan to help pay for my schooling. I wish I could help them pay off the loan but I am not in the financial position to do that. Without their willingness to take out a parent loan, my own student loans would have been much higher. Student loan debt has impacted my whole family.

• Financial literacy is important. When students are first generation college students recruited by an institution, it would be helpful to offer information from a financial advisor about repayment and its impact. Students may then make a more informed decision about their career path.

• I wish that I had had some strong guidance on what options I had to pay for college. I feel like students are targeted because going to college is necessary for getting a good paying job. We are sitting ducks with no other options but to get loans that will keep us in debt for years to come.