American Student Assistance®

Retirement Delayed:

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

There is no question that higher education is still one of the best investments that anyone can make in their future. However, as financing higher education has increasingly come to mean relying on debt, post-college life for many has become a constant battle of financial priorities. Student loan debt is having a profound impact on the daily lives and spending habits of millions of Americans, both young and old. Many borrowers may never run into problems with their loans, but the mere existence of debt is a burden that is impacting the way many make important lifestyle decisions, and it has a daily impact on their financial security and purchasing power.

As the way we finance higher education has changed over the generations, so too have the demographics of those impacted by student debt. The words "student debt" once conjured images of fresh faced 20-somethings, newly sprung from college, living in an apartment crowded with roommates, eating Ramen noodles, and struggling to pay college loans on their smaller than anticipated first salary. But with a rapidly increasing population of older, "non-traditional" students enrolling in college every day,[1] not only is the image of new college graduates inaccurate, but so is the image of those struggling with student debt. Increasingly, student debt is an issue not only for the young, but also for the young at heart—recent graduates of all ages, middle-aged adults with loans from their own education or that of a family member, and an increasing population of seniors struggling with student loans into their retirement years.

The present day problems for younger generations with student debt are well known and widely reported. There are commonplace stories of borrowers moving back in with their parents for extended periods of time[2], struggling to pay their loans in a less than ideal job market, and trying to launch themselves into a productive lifestyle that is financially secure, often delaying major life decisions like homeownership, marriage, and family until a dent can be made in their loan debt. There is evidence that student loans are creating economic insecurity, which makes commitment to long-term life choices of any kind more challenging. However, this economic insecurity is not just being felt by younger generations. Older Americans are feeling the pinch, too, and the long-term impacts of debt on both Millennials as they age and those older borrowers currently juggling life with student debt cannot be ignored or downplayed.

The following quote from the *New York Times* exemplifies the problem:

> *"[Education debt] worries education officials and other experts, who say that record borrowing for college threatens the financial stability of a generation of young people and their families... The growth of the problem is affecting not only individual lives, some authorities believe. They say the burden of debt is also chasing many students away from poorly paid public service jobs and forcing others to defer the start of a family and the purchase of a home or car, with economic and social consequences that have not been measured...*
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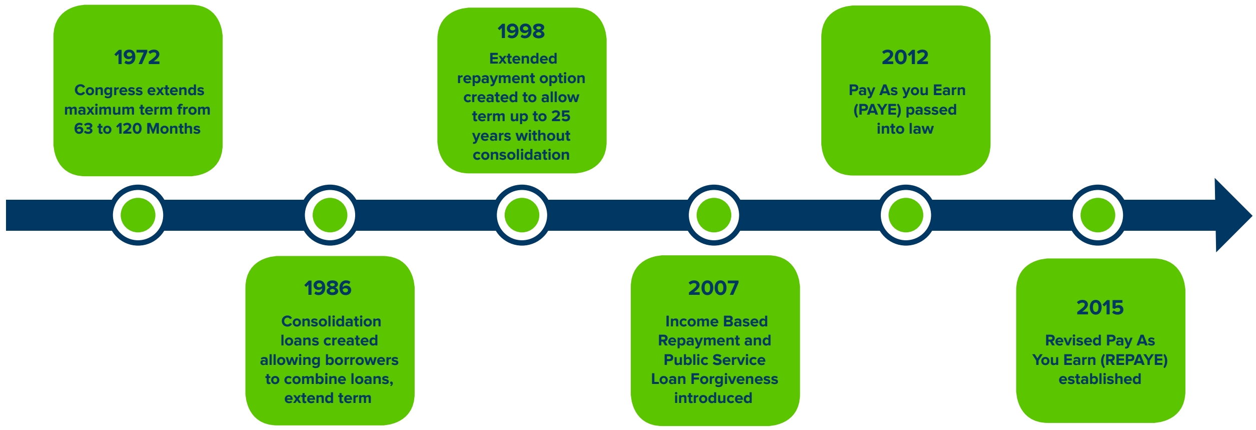
> *" 'We should be watchful of this generation,' said Dena Stoner, an economist with the Joint Economic Committee of Congress, which issued the report on Federal loans. 'A larger percentage of their income will go toward debt for longer periods of time, while their real income may not go up.' "*[3]

The most troubling part of this quote, however, is not the stark picture it portrays of the impact of debt, but that this article was written almost 30 years ago. Thirty years ago we anticipated the reality we are now facing but failed to take action to correct it. By taking an almost exclusively reactive position to education debt, we have witnessed an alarming trend of not only increased debt levels, but significantly longer loan terms and consequently increased loan costs in the form of accrued interest and fees. As a result, this has aged our student loan borrower to the extent that paying back college loans now often intersects with both paying for a child's higher education and saving for retirement, leaving many seniors cash-strapped long after their senior year of college has become a distant memory.

Extended Loan Terms



In response to the growing student debt crisis of the 1980s alluded to in the *New York Time*s article, Congress and the Department of Education instituted numerous deferment, consolidation, lower payment and income driven repayment options in an attempt to help ease the student debt burden and lower federal student loan default rates. Borrowers could now take advantage of income driven plans, extended payment terms or consolidation loans, thus increasing on-time payments and reducing the likelihood of default. These programs were likely a factor in decreasing the federal loan default rate from their all-time high in the 1980s,[4] but these programs have also resulted in longer loan terms and in many cases, additional interest charges for borrowers unable to afford a typical 10-year repayment term.[5] This has greatly extended the time that many people hold on to their student debt. In fact, over an 18-year period, the average time it takes to pay back a federal loan has nearly doubled.[6]

Year of Loan Origination	Average Time to Pay Off
1992	7.5
1995	8.8
1998	10.5
2001	9.9
2004	13.7
2007	14.1
2010	13.4

Source: Brown Center for Education Policy at Brookings

A rough estimate shows that more than half of all borrowers have terms longer than the original 10-year standard term given at the origination of their federal loans. From 2014 to 2016, there was a 65% increase in income driven repayment plans, resulting in 40% of all federal Direct Loan dollars being repaid under some kind of income driven repayment plan.[7] While this plan is a great solution for those struggling to make ends meet on a daily basis, extending payments for up to 25 years could mean the borrower will pay much more over time and be saddled with a student loan bill into their 40s and 50s. This trend of extending loan terms has, in part, resulted in over half of today's outstanding student loan debt being held by consumers over the age of 30 and a third held by those over 40.[8]

Parent Borrowers on the Rise

In addition to loans that 40- and 50-year-old parents may have taken on to pay for their own education in the 1980s (which could have a 25-year repayment term or greater depending on their repayment plan, consolidation, deferment, etc.), increasing college costs also mean that parents are taking on more and more of the burden to pay for their child's education in the key years when they should be saving for their own retirement. A study done by *The Associated Press* showed that Gen-X parents (those 35-50 years old) who carry student debt and have teenage children average just $4,000 in college savings plans, compared with a $20,000 average for teenagers' parents with no student debt.[9] What parents can't save must be covered by private or federal loans to fill the gap left when the student borrower's other financing options have been exhausted.

The federal Parent Loan for Undergraduate Students (PLUS) was established in 1980 to help parents meet the gap in their child's education between the amount of federal loans the student is entitled to borrow and cost of college attendance. These loans are administered by the U.S. Department of Education and have a few unique characteristics.

First, Parent PLUS loans are not need-based, so anyone can access these loans regardless of income level. Second, Parent PLUS loans have no limit to the amount that can be borrowed—a parent need only certify that the loan will go to the out-of-pocket costs for the child's education to receive a maximum award amount (the full cost of attendance minus any other loans and grants the student is eligible for). And, finally, these loans are granted to any parent who applies as long as they don't have adverse credit; the borrower's ability to pay or debt-to-income are not taken into account. As a result of these criteria, Parent PLUS loans have become increasingly popular among middle- and low-income families who find a gap between what their child is awarded in aid, what they have saved for college expenses, and the sticker price of the college or university.

The PLUS loan has been a good way for many to assist with their child's college education, but unfortunately, it has become a debt trap for many others. The lack of cumulative loan limits mean that a parent could borrow up to the full cost of attendance each year for each of their dependent children. With tuition and fees ranging on average from $3,435 at a two-year public school[10] to $55,000+ at some four-year private schools, parents can find themselves hundreds of thousands of dollars in debt heading into their retirement years.[11] Hundreds of thousands of dollars may be an extreme case, but the reality is that there are currently around 3.3 million parents repaying over $75 billion in outstanding Parent PLUS loans.[12] These additional payments, while seemingly necessary for a child's education, mean that a parent's retirement savings potential is decreased in the decades leading up to retirement, or they may be taking on additional debts like another mortgage or credit card debt as they head toward retirement. In all, the National Center for Education Statistics reports that 20% of parents took out Parent PLUS loans for their child's education in 2011-12, up from 12% in 1999-2000, and just 4% in 1989-90.[13] In addition, the Consumer Financial Protection Bureau (CFPB) reports that 24% of federal loan borrowers 65 and older owed loans under the Parent PLUS loan program.[14]

Number of Plus Loan Borrowers by Age

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Parent Plus Borrowers Less than 50 years	810,144	771,214	745,804	762,334	817,605	902,752	992,632	985,722	937,795	905,399	915,960
Parent Plus Borrowers age 50 to 64	1,077,817	1,059,602	1,085,746	1,177,766	1,316,362	1,484,615	1,656,568	1,764,217	1,841,956	1,917,582	1,975,287
Parent Plus Borrowers age 65 and older	65,394	66,819	70,862	79,304	88,905	101,504	117,616	141,064	162,456	186,142	210,256

Source: GAO analysis of data from the National Student Loan Data System, Department of Education. | GAO-17-45

Another way parents' finances can be impacted by education debt is if they co-sign a private student loan for their child. Most private student loans taken out by a student borrower will require a parent or other adult with good credit to co-sign. Even though the loan is in the student's name, if the student fails to pay, the financial responsibility of the loan will fall to the co-signer, an increasing problem as the unemployment rate for graduates of the Class of 2016 sat at 5.6%, with underemployment still higher than before the 2008 recession at 12.6%.[15] The CFPB reports that 57% of private student loan co-signers are 55 or older, and that 73% of borrowers over 60 who still have student loan debt, both private and federal loans, owe the debt for their child's and/or grandchild's education.[16] This added financial burden, linked with the fact that the simple act of co-signing a private loan will impact the co-signer's credit, can have unforeseen and unplanned consequences for older borrowers.

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There is a growing concern that parents, in the pursuit to do what is best for their child, are mortgaging their own financial futures to make their child's higher education dreams come true. The student loan system was built on the premise that borrowing for college is a good personal investment because it will add to life-long earning potential and can be paid off over the course of a growing professional career. This is not the case for parents who borrow on behalf of their children. Parents don't have the same time frame to pay off these debts prior to retirement, and their own professional situation is not improved by their child's college education. As a result, their wages won't increase in the same manner that makes investing in a college education for someone else a safe financial bet.

Saving for Retirement

Even without student debt, Americans of all ages are putting off saving for retirement, with 62% of households nearing retirement saving less than one times their annual income, according to the National Institute on Retirement Security—far below what is required to meet their current living standard.[17] This organization also found that the median retirement account balance for those households nearing retirement in 2015 was only $14,500.[18] Furthermore, statistics show that 31% of working Americans have no retirement savings at all, which includes 27% of non-retired seniors age 60 or over.[19] All of this leads to a total $4.13 billion retirement savings shortfall faced by U.S. households nationwide.[20]

Student debt is one of the factors contributing to that delayed or inadequate focus on retirement savings. In fact, in a recent survey conducted by American Student Assistance ® (ASA), 62% of respondents said they have put off saving for retirement or other investments as a direct result of the need to pay down their student loan debt.[21] Similarly, a survey conducted by Fidelity Investments found that one in three Fidelity employees carry student loan debt, and of those, 80% say that student loans have limited their ability to save for retirement.[22] Two-thirds of the Fidelity employees with student loan debt responded to a survey indicating that they have lowered or stopped contributions to their retirement plans or have taken loans or hardship withdrawals due to the student loan debt.[23] Fidelity found the average decrease in retirement contribution was 6%, and even after three years borrowers were not back to the original level of savings.[24]

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The Boston College Center for Retirement Studies had slightly different findings on the impact of student debt on retirement. While their data showed that there was a statistically insignificant impact of student debt directly on retirement savings, they did find that "the detrimental effect of student debt manifests itself either through reduced consumption or other reduction in net worth, such as credit card debt." This study found that student debt holders generally earn more than those without a degree and so can save for retirement, but there is a greater propensity of these student loan borrowers to carry mortgages and other debts into retirement which can lead to less financial security in retirement years.

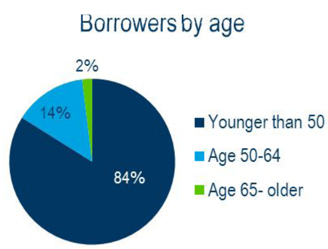
With younger generations, it has always been a struggle to increase early participation in retirement savings. A recent study on retirement found that 72% of young Americans aged 18-34 have less than $10,000 saved for retirement or nothing at all.[25] This is a prospect that is unlikely to improve as more and more disposable income of younger generations is diverted to debt rather than savings. While these borrowers might be financially capable of managing both retirement savings and student debt, they are far more likely to fund the most immediate need—the loan they are currently being billed for rather than the retirement far in the future. Thus retirement is put off until they feel like their student debt is out of the way.

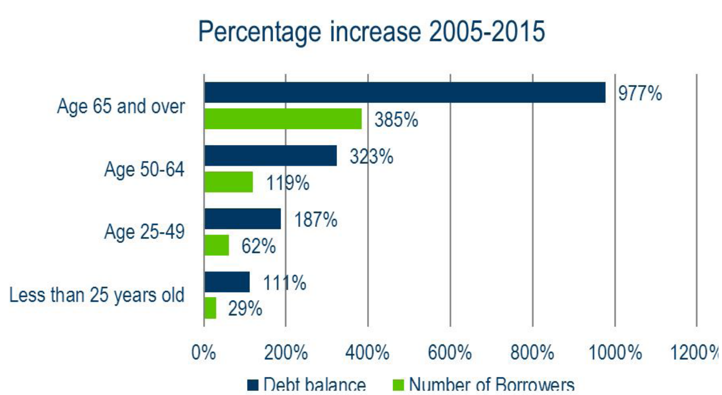
Additional financial struggles arise for those who have made the choice to go back to college later in life. A new credential or a college degree may mean a higher paying job and more financial stability, but it may also mean years of college debts to pay off in lieu of retirement savings and saving for a child's education. The general rule of retirement savings is that if you begin saving for retirement in your 20s, you should save 10-12% of your net pay in order to save enough over your lifetime to be prepared to retire in your 60s.[26] For those who have not started saving for retirement until their 40s, financial planners suggest that you save 15-20% of your take-home pay toward retirement—a hard task to accomplish while also paying all other expenses that 40-year-olds face.[27] Add student loans to the mix, and that's money diverted from savings to debt at a crucial time for retirement savings.

Dealing with Student Debt in Retirement

Approximately 867,000 households are headed by someone 65 or older who carries student loan debt.

As more Millennial and middle-age borrowers build up debts while they inch toward retirement, there is a quickly growing number of retirees already struggling with the burden of holding student debt on a fixed income in their retirement years. According to a report by the Government Accountability Office, approximately 867,000 households are headed by someone 65 or older who carries student loan debt, and 6.3 million borrowers aged 50 to 64 held federal student debt in 2015.[28] In fact, the number of older borrowers with student debt has increased substantially over the last decade, and since 2005, the number of older borrowers with student debt has gone up 385% for the over-65 cohort and 119% for those 50 to 64.[26] As a result of more people borrowing, the debt balance of these loan holders has tripled for the 50 to 64 population from $43 billion to $183 billion in outstanding debt, and the debt balance of the over-65 cohort has increased over 977% from the 2005 level of $2 billion to nearly $22 billion in FY2015.[30]





Source: Government Accountability Office GAO-17-45

The recent onslaught of policy efforts within the halls of Congress to simplify student loan repayment systems suggests that at times the process has been overly complicated or confusing. Many of the repayment options available to today's younger borrowers didn't exist decades ago when older borrowers were first taking on debt. As a result, those who got confused by the process, enrolled in long repayment terms that allowed years of interest to accrue, had missteps in repayment that added additional fees, or for whom life just got in the way, could find themselves mired in debts decades after taking them on. The reality for hundreds of thousands of seniors is a monthly struggle to pay for education, intended to improve their lives and economic wellbeing, long after that career benefit has subsided.

For those who have been paying their debts for years, even if they have long since paid off the principal amount they borrowed, there is little ability to walk away from the burden of paying these loans. Since 1998 it has been extremely difficult to discharge student loans in bankruptcy. It is possible with a court showing of undue hardship, but the necessary standards are high and very few borrowers ever meet them. As a result, an ever increasing number of seniors find that their Social Security is being garnished in order to pay off long outstanding student loans. As it stands now, over 173,000 Social Security recipients, including those receiving retirement, survivor or disability benefits, had their Social Security garnished in 2015 due to student loan debt.[31] Of this group, 32,400 were over the age of 65, a 540% increase from the level of 6,000 in 2002.[32] Borrowers facing garnishment are largely struggling with debt they took on to pay for their own education, the majority with less than $10,000 in debt.[33] According to the GAO, more than 75% of the borrowers facing garnishment had defaulted on a loan taken out for their own education, and the majority of this debt was acquired for education taken on later in life, with 61% taking on the debt in their 30s and 40s.[34] For borrowers 65 and older, only 1.4% of borrowers are having Social Security garnished for loans taken out when the borrower was under the age of 25.[35] However, as they struggle to pay, very little of the garnishment is going to pay down the principal of the debt. For 53% of borrowers over the age of 50, their garnished Social Security benefits only went toward interest and associated fees, rather than to paying down the principal of the loan.

Social Security is perhaps the best anti-poverty program in the nation—keeping millions of seniors afloat in their lean years, and currently providing a safety net for about 42 million retirees.[36] When Social Security was established in 1935, there was a determination made that, in order to ensure the strength of the program as a safety net, no collections activities could be attached to Social Security in order to pay off debts. This policy held until 1996 when the Debt Collection Improvement Act allowed for unpaid student loans to be collected directly from Social Security benefits. The standard set at the time was that the first $9,000 of benefits annually ($750 a month) would be shielded from garnishment and no more than 15% of a recipient's monthly benefit would be subject to debt collection. When the law went into effect in 1998, lowering a beneficiary's payment to not less than $750 still kept the recipient above the poverty line. However, these limits have not been updated in the last 18 years, and when the federal government now leaves student loan borrowers with a Social Security check of $750 per month, they are placing the recipient below the federal poverty line. If the guideline were adjusted for inflation, the GAO finds that the current cap against garnishment to keep recipients above the poverty line should be $1,320 per month.[37]

In addition to the strain that student loans have on Social Security recipients, as older Americans increasingly juggle one more debt that diverts their attention from saving for retirement, the entire Social Security system will struggle to keep up with the needs of those unprepared for their golden years. Furthermore, because those young people with student debt are delaying life milestones like marriage and families, this also has a ripple effect on Social Security availability. Those who marry and have children later in life tend to have fewer children, which could have a long-term impact on how parents will be personally supported by their children as they age and how many workers will be available to financially support aging generations at large. We are starting to see this now as the Baby Boom generation heads toward retirement, and the current workforce struggles to meet the demands promised to retirees 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.

Tip of the Iceberg

Unfortunately, this student debt struggle is one that is more likely to increase than subside in the years ahead if action is not taken to address it. Even though older borrowers are still greatly outnumbered by those in younger generations with student debt, the scope of this problem for older generations is growing exponentially. A recent report by the New York Federal Reserve showed that the number of Americans over the age of 50 with student debt has increased 130% in the last seven years, with 6.9 million Americans over 50 holding student loan debt.[38] This makes up about 16% of the total student loan market outstanding. As previously stated, the GAO reports that the majority of borrowers facing Social Security garnishment took out the loans in their 30s and 40s; that would mean these loans were taken out between the early years of the federal student loan program in the late 1960s through the mid-1980s. As a point of reference, in 1974—the mid-point of that window—nationally 431,000 students borrowed $528 million in federal student loans for an average of $1,225 per year or an estimated $4,900 over four years.[39] That means that over 30 years ago, only approximately 4.21% of the enrolled population borrowed in order to attend college, and yet we still have a portion of that small percent still trying to pay back their debts. Today, 68% of all students attending a public or nonprofit college borrow student loans with the average debt amount for an undergraduate now reaching $30,100 upon graduation.[40] Even accounting for inflation, this far outpaces the debt burden that today's struggling seniors initially took on in the '70s. What will the "seniors with student debt" picture look like when the Millennials hit retirement age? We can only surmise it will be much bleaker.

If this is indeed only the tip of the iceberg, then, as the number of students with debt balloons, and more students with debt become adults with debt and eventually retirees with debt, we need to do more to both reduce student debt overall, and help those already struggling with the burdens of student debt to manage it better throughout their lifetime.

Here are some policy recommendations to help alleviate the struggle:

Recommendations:

1) Decrease Debt Burdens:

a. **Continue the push for policies that reduce college debt so that borrowers are not carrying this debt into their retirement years.** This includes an increase in grant aid to lessen the need for loans and controlling the growing cost of higher education.

For many years there has been a concerted disinvestment of public dollars at the state level to fund higher education programs like grants and higher education tuition and fees. This has shifted the burden of paying for higher education on families to take out loans in order to pay for school. Governments, both federal and state, should be encouraged to find ways to shift the balance back to make a commitment to the public good of higher education.

The vast majority of students attending an institution of higher education in the U.S. attend a public institution. While private colleges must do more to tame their escalating costs, states must make a commitment to control the growing costs at the public institutions that educate 73% of college goers.[41] According to the College Board, the average tuition and fees at public four-year colleges and universities is 3.1 times higher than it was 30 years ago.[42] The rise in tuition at public colleges and universities is a direct result of shrinking state budgets that 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 state, as a job creator, as a means of economic growth, and as a means of long-term economic stability for their citizenry.

b. Increase access to college planning services for families so that parents and grandparents who want to help support a family member's education understand the best options for doing so in a financially responsible way. Often the only information on college funding comes from high school guidance counselors or from the university financial aid office. Because both of these groups of individuals are measured by metrics of getting students actively enrolled in college, they may be incentivized to push for enrollment regardless of the cost to the parent. Families should also be able to turn to a neutral third party for impartial advice about the best financial options for paying for college.

c. Reform policies and information for PLUS loan borrowers.

i. When given the option to take out a Parent PLUS loan, borrowers should be provided with additional information about the cost, ability and length of time to pay back these loans.

ii. There should be considerable policy debate about the possibility of placing caps on the amount of PLUS loans that can be borrowed. While it is admirable for parents to want to ensure their child's academic success with the assistance of the PLUS loan program, unlimited borrowing should not be an encouraged strategy, as it only serves to empower the goals of one generation at the expense of their parents' financial security.

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iii. It is no secret that some schools purposely push families away from the lower cost Stafford loans (for which schools face sanctions for default) and into the Parent PLUS program to avoid higher default rates that could reflect poorly on their institution.[43] To avoid this, parent PLUS default rates should be published annually like all other federal loans and there must be consequences to a school with higher than average default rates or lower than average repayment rates to curb this predatory practice.

2) Help Manage Existing Debt

a. Develop clear, concise information that walks older borrowers through the loan repayment process and highlights the federal student loan repayment programs available to them.

The strength of the federal student loan program is the breadth of payment options enacted by Congress that 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. When today's seniors took out loans in the 1970s and '80s, few of the repayment options available today existed. As a result, many older borrowers may not know that there are programs available to help manage their debt. Clearly borrowers are failing to take advantage of these programs, as evidenced by the growing number of delinquencies and defaults among older borrowers—over twice the number of defaults than for younger borrowers.[44] Every federal student loan borrower deserves the right to free, timely, proactive payment information from a neutral resource through the entire life of the loan—not just as they enter and exit college.

b. Expand access to Income Driven Repayment plans for parent loan borrowers.

Under current law, PLUS loans are only eligible for the most expensive income contingent repayment, and only then if they consolidate into a specific program.[i] As a result, many families find themselves struggling significantly due to this debt. Existing programs such as Income Based Repayment and

[i] Parent PLUS loans are only eligible for Income Contingent Repayment (ICR), and only if Parent PLUS loans are consolidated under the Direct Loan Consolidation program. While Income Based Repayment calculates payments at 15% of discretionary income, and Pay As you Earn (PAYE) and Revised Pay As You Earn (REPAYE) calculate at 10% of discretionary income, ICR calculates the payment at the lesser of either 20% of discretionary income or what the borrower would pay on a repayment plan with a fixed payment over the course of 12 years, adjusted according to income.

Revised Pay As You Earn must be expanded to ensure that the same relief afforded "traditional" students is made available to their older counterparts.

In addition, it is important that older borrowers aren't provided relief in the form of income driven plans only to be brought down by the significant tax liability associated with loan forgiveness. As it currently stands, if a borrower pays for the designated amount of time and the loan is forgiven by the federal government, that forgiven amount is taxed as income. We must make sure older borrowers aren't trading one liability for another.

c. Establish proactive, customized communications to seniors who face Social Security garnishment.

There is no need for a senior citizen's Social Security benefits to ever be garnished to the level of poverty. Given all the options available to them, the majority of seniors who live off of Social Security would, after a little paperwork, likely qualify for an income-based repayment plan and could find that their payment is as low as only a few dollars a month given their income level, and eliminate the need to garnish their Social Security. The income-based repayment program was established to assist in just such a situation as this, but few seniors are walked through the options and steps to do this before their Social Security is taken.

At American Student Assistance, we took it upon ourselves years ago to annually identify and contact the senior citizens within our own federal student loan portfolio who were scheduled for offset of their Social Security benefits. While borrowers subject to offset of their federal benefits receive a standard Treasury Offset Program warning letter, it was our experience that many seniors were not responsive to this communication. So we decided to provide a targeted letter to these borrowers that clearly stated various options available, especially with respect to disability and financial hardship issues. We also provided a dedicated telephone line staffed by borrower advocates especially trained for this population. So far, this multi-year initiative has helped make seniors' lives better. Hundreds of our borrowers in this situation have taken advantage of options to reduce or eliminate the offset, either by completing disability applications or agreeing to make voluntary income- based payments.

But our experience has also shown that we're just seeing the tip of the iceberg when it comes to seniors and student debt. Where ASA's annual list of Social Security garnishees usually totals in the hundreds, today it surpasses 1,600. That means it is incumbent upon all the stakeholders in the federal student loan program to up our game when it comes to proactive communications to this population.

d. Support legislative changes to garnishment rules to keep seniors above federal poverty standards.

The level for garnishing Social Security payments to pay student loans has not been updated since the law was passed in 1996. In the 114th Congress, Congressman Theodore Deutch of Florida introduced H.R. 3747, the Social Security Garnishment Modernization Act of 2015. This legislation would adjust the amount that is exempt from garnishment by the Department of Education for defaulted student loans. By guaranteeing that the exempt amount keeps up with inflation, the legislation would ensure seniors do not fall below the poverty line with their garnishment. This bill should be reintroduced in the 115th Congress and supported by all members of Congress interested in protecting senior citizens from unnecessary poverty.

Alternatively, Congressman Raul Grijalva of Arizona introduced H.R. 3967, the Stop Social Security Garnishment for Student Debt Act of 2015. This bill would go back to the standard prior to the 1996 Debt Collections Improvement Act, and eliminate the ability of the federal government to garnish Social Security benefits to collect student debts at all. While this should be the ultimate goal of legislative changes to assist older borrowers, adjusting the amount that is exempt from garnishment would be a good first step.

e. Support legislation that allows for the refinancing of older federal student loans.

Senators Elizabeth Warren and Kirsten Gillibrand, as well as Congressmen Joe Courtney and Scott Peters and others have introduced various pieces of legislation that would allow federal student loan borrowers to refinance their loans at the lower interest rates available to today's borrowers. Such a policy would allow thousands of older borrowers to lower their monthly loan payments and reduce the monthly burden of their student debt.

f. Create tax incentives to encourage employers to offer student loan repayment.

Employers are encouraged to offer retirement benefits to their employees via various tax deductions and credits. Similar benefits should be offered to incent competitive employers to institute student loan repayment assistance. This can help improve employee retention, decrease the taxpayer expense for income driven repayment forgiveness expenses, and reduce the average repayment period and age of student loan borrowers. This allows middle aged and older borrowers to focus their finances on retirement savings and their own dependents' higher education costs, and in turn reduces the possibility of a continued cycle of debt. There are currently two federal bills, H.R. 108, *The Student Loan Repayment Assistance Act*, and H.R. 795, *The Employer Participation is Student Loan Assistance Act*, which would provide this tax benefit, and should be passed in the 115th Congress to help ease the burden for current loan holders.

Through federal policy and state budget priorities, it has become clear that as a nation we 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, so we must find a way to ensure that borrowers have better means of managing the debt they have taken on in order to improve their economic future. If the goal of federal student aid exists to promote social and economic 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 well into their retirement years. The choice is stark: we can either do the status quo bare minimum, or we can do what's right by seniors in their retirement years.

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