Student Loan Borrowers: Who Figured out Student Loan Monthly Payments Prior to Taking out Student Loans?

Emily Shaffer and Sierra Walters, Undergraduate Students
Department of Human Development and Family Studies

Faculty Mentor: Yoon Lee, PhD
Current U.S. Student Loan Debt

2018:
Student Loan Statistics: Overview

• Total Student Loan Debt: $1.52 trillion

• Total U.S. Borrowers with Student Loan Debt: 44.2 million

• Student Loan Delinquency Or Default Rate: 10.7% (90+ days delinquent)
Student Loan Debt: Why Does It Matter?

- Delaying saving for emergency saving
- Delaying buying a home
- Delaying saving for retirement
- Limiting ability to spend other things
Student Loans Debt

Many are pressured by society to get a higher education:

• No understanding of the consequences
No proper curriculum to educate students on the impact and cost of student loans.

• Many never calculate student loan payments
Purpose of the Study

• To understand to what extent student loan borrowers understood what they were taking on when they took out their student loans

• To examine how the association differs across age group (age 18-34, 35-54, and 55+)
Importance of the Study

• Make students fully aware of consequences
• Provide proper assistance and information
• Little research on the association between financial capability and loan decisions
• Contribute to literature and provide information for educators and other financial professionals (counselors, planners, and coaches)
Methods

• **Data:** 2015 National Financial Capability Study, collected online by FINRA Investor Education Foundation

• **Sample:** Student Loan Holders (N=7,491)

• **Sub-samples:**
  • Age 18-34 (n=3,847)
  • Age 35-54 (n=2,770)
  • Age 55+ (n=874)
Student Loan Characteristics by Age

**Multiple Student Loan Holders**
- Age 18-34: 17.7%
- Age 35-54: 16.4%
- Age 55+: 7.3%

**Carried Student Loan Debt for Others**
- Age 18-34: 31.8%
- Age 35-54: 49.2%
- Age 55+: 62.8%
Who figured out student loan monthly payment prior to taking out student loans?

![Age Difference in Calculation of Monthly Payment](image-url)
Who figured out student loan monthly payment prior to taking out student loans?

**Financial Characteristics**
- Financial capability
- Financial education
- Children/Grandchildren (Self)

**Socio-Demographics**
- Males (Females)
- Non-Whites (White)
- Lower education (Advanced degree)
- Self-employed/Working (Unemployed)
What does this mean for financial educators?

• Evidence of lack in financial knowledge
• Highlights the burdens of student loan debt
• Professional can help and guide people
• Student loans aren’t bad, but they’re not the only option
• Educators can provide physical evidence to those seeking loans
Conclusions

• Student Loans bring many issues.

• Findings will help target education needs for different age groups.

• Financial professionals can help make the best financial decisions.
Questions or Comments?

Thank You!