

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



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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)

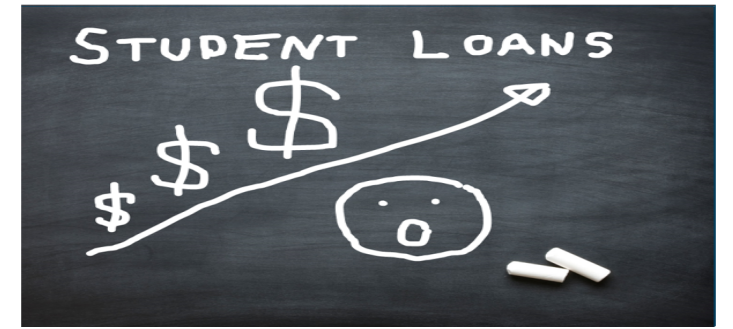


Student Loan Debt: Why Does It Matter?

- 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

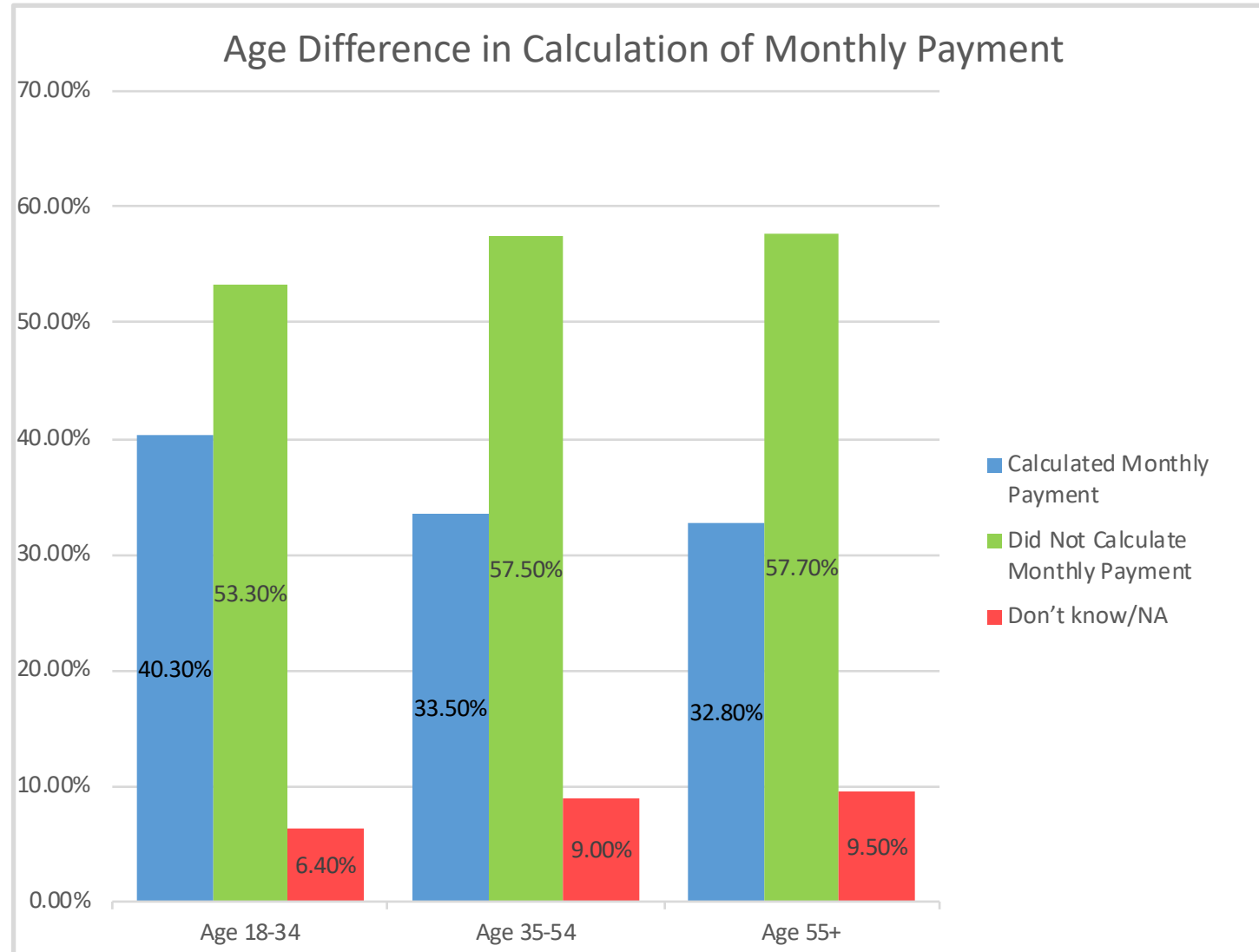
- Age 18-34: 17.7%
- Age 35-54: 16.4%
- Age 55+: 7.3%

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?



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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!

