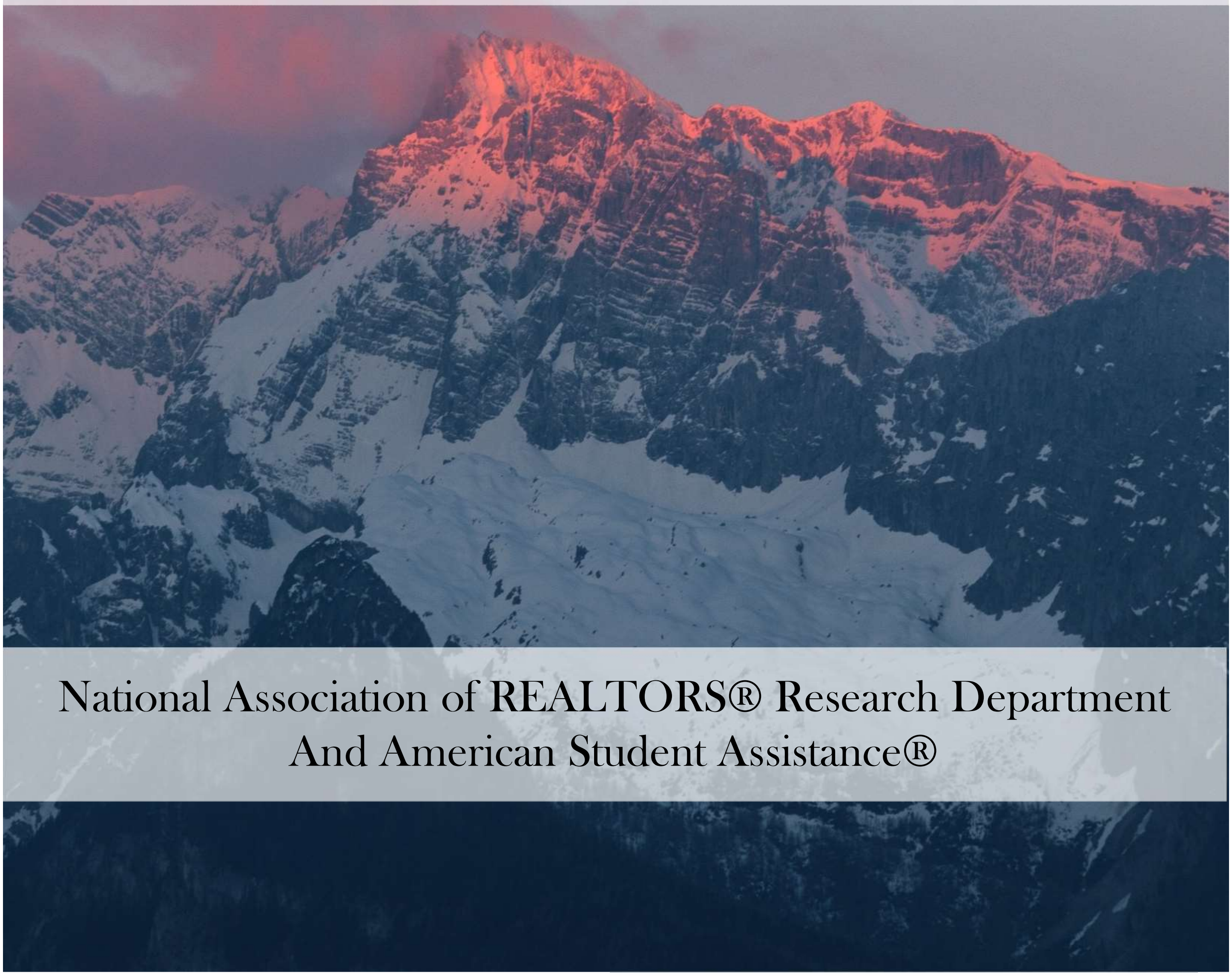
Student Loan Debt and Housing Report 2017

When Debt Holds You Back



National Association of REALTORS® Research Department
And American Student Assistance®

Introduction

The U.S. currently has a student debt load of $1.4 trillion, which accounts for 10 percent of all outstanding debt and 35 percent of non-housing debt. The magnitude of the debt continues to grow in size and share of the overall debt in the economy. While this amount of debt has risen, the homeownership rate has fallen, and fallen more steeply among younger generations. From the National Association of REALTORS® *Profile of Home Buyers and Sellers,* among recent home buyers, 27 percent have student loan debt and the typical amount is $25,000. The share of those with student loan debt rises to 40 percent among first-time home buyers. Even among successful home buyers this amount of debt is cited as a difficulty in their home buying process. To evaluate those trends American Student Assistance® and the National Association of REALTORS® teamed up to conduct a survey of student loan borrowers who are currently in repayment. The 2017 report focuses on younger millennials (born 1990 to 1998) and older millennials (born 1980 to 1989).

The results of the survey demonstrate the impact that student loans, even amongst those who are managing to pay their bills on a timely schedule, have on their housing situation. Among survey respondents, 79 percent received their loans from a four-year college, 19 percent from a two-year college, 29 percent from graduate/post-graduate school, and seven percent from a technical college. While the respondents are now paying on time, 32 percent had defaulted or forbore on their loans in the past.

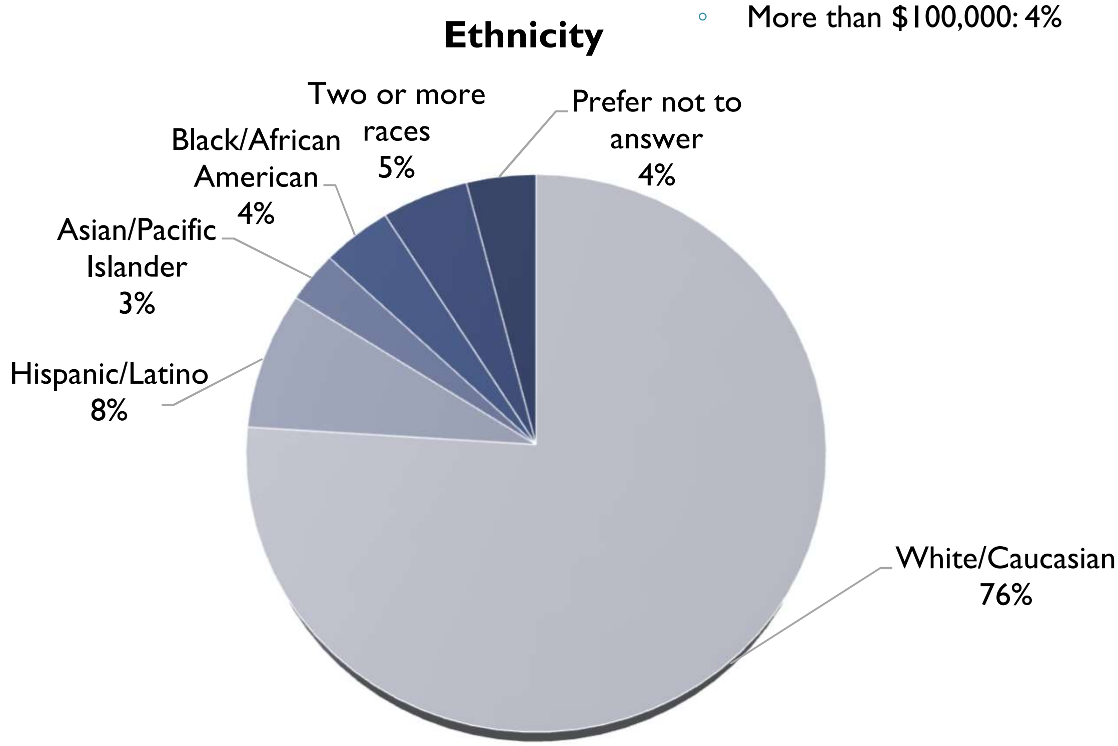
Student loan debt impacts other life decisions including employment, the state the debt holder lives in, life choices such as continuing education, starting a family, and retirement. Findings indicate that borrowers would put the extra money they would have if they did not have student loan debt towards long-term savings, investments, or a home purchase.

The living situation of borrowers is also impacted by student loan debt. Twenty-two percent were delayed by at least two years in moving out of a family member's home after college due to their student loans. While 20 percent are currently homeowners, 15 percent live with friends or family and do not currently pay rent.

Among non-homeowners, 83 percent cite student loan debt as the factor delaying them from buying a home. This is most frequently the case due to the fact that the borrowers cannot save for a downpayment because of their student debt. Among homeowners, 28 percent say student debt is impacting the ability to sell their existing home and move to a different home. The delay in buying a home among non-homeowners is seven years and three years for homeowners.

Survey Respondent Demographics

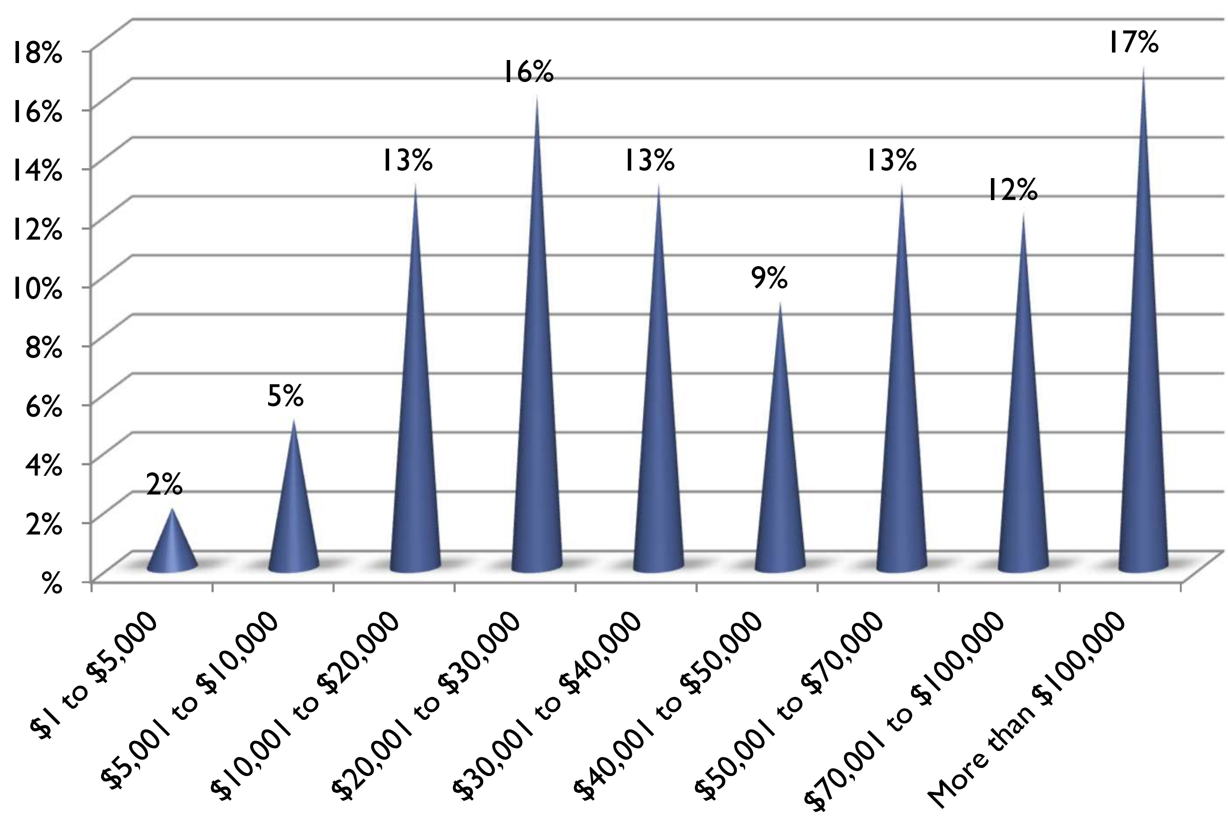
- Who has debt within household:
  - Survey respondent: 94%
  - Spouse/partner: 29%
  - Roommate: 9%
  - Sibling: 6%
  - Child/dependent: 0%
- Median age: 27
- Generations
  - Younger Millennials (born 1990-1998): 52%
  - Older Millennials (born 1980-1989): 48%
- Gender:
  - Female: 65%
  - Male: 35%
- Income earners:
  - None: 2%
  - One (self only): 43%
  - Two: 45%
  - Three: 7%
  - Four or more: 2%
- Personal income
  - Median Income: $38,800
  - Less than $10,000: 5%
  - $10,000 to $24,999: 19%
  - $25,000 to $34,999: 19%
  - $35,000 to $49,999: 25%
  - $50,000 to $74,999: 22%
  - $75,000 to $99,999: 4%
  - More than $100,000: 4%



Survey Respondent Demographics

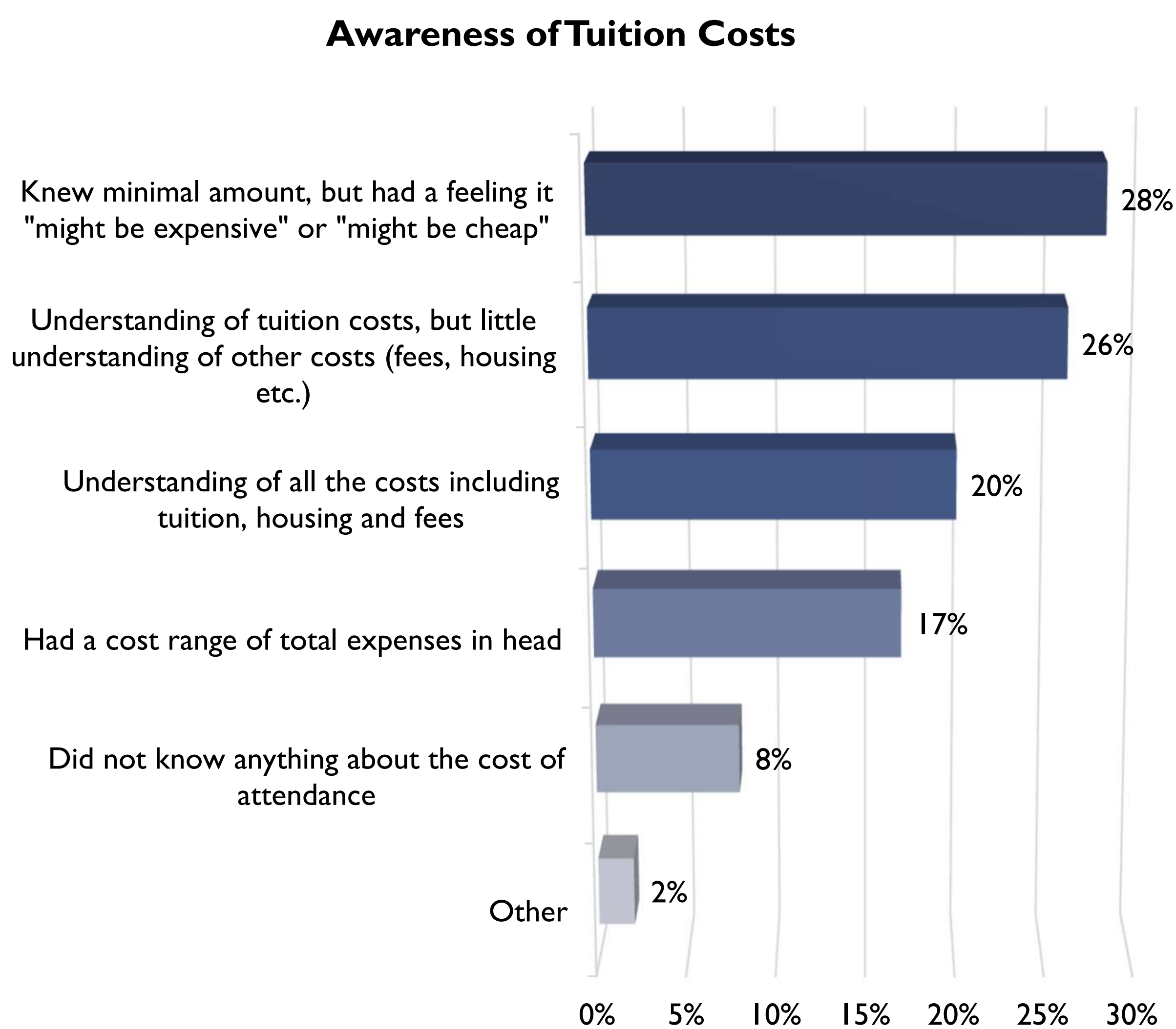
- Where debt is from:
  - Four-year college: 79%
  - Two-year college: 19%
  - Graduate/post-graduate: 29%
  - Technical school: 7%
- Length since enrollment:
  - Currently enrolled: 4%
  - Less than a year: 3%
  - 1-3 years: 66%
  - 4-6 years: 22%
  - More than 6 years: 6%
- Choice of college primarily due to:
  - Academic fit: 45%
  - Financial fit: 24%
  - Emotional fit: 15%
  - None of reasons listed/other: 16%
- Type of higher education institution:
  - Public: 68%
  - Private: 46%
  - For-profit: 5%
- Median Student Loan Debt: $41,200

Student Loan Debt Amount



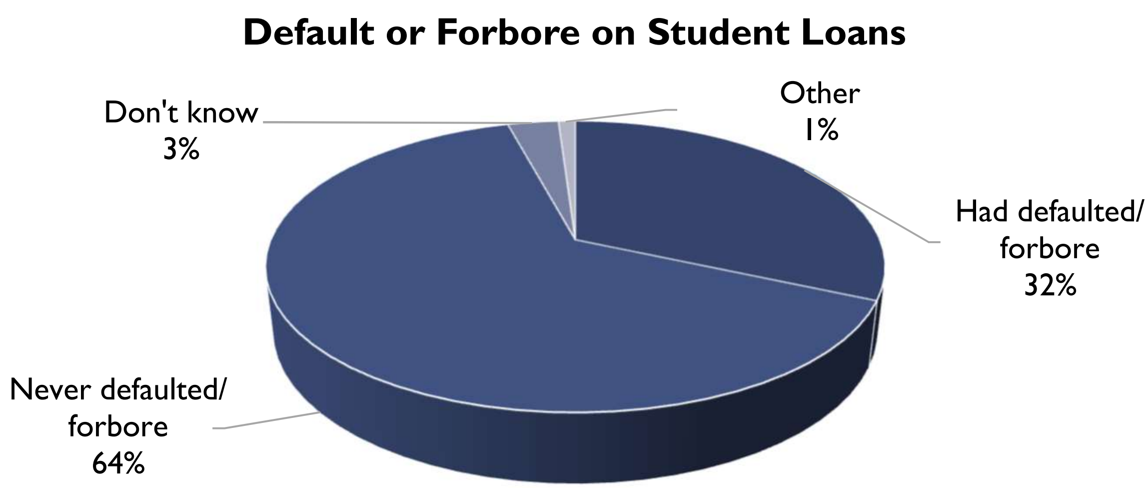
Awareness of Tuition Costs

- Before attending college, 28 percent of borrowers knew generally the school "might be expensive" or "might be cheap", but had no further information.
- More than one-quarter of borrowers had an understanding of tuition, but had little understanding of other costs such as fees and housing expenses.
- One in five borrowers understood all the costs including tuition, fees, and housing.



Default or Forbearance of Student Loan Debt

- Thirty-two percent of student loan borrowers surveyed had defaulted or forbore on their student loan debt.
- Among borrowers, more than one-third of older millennials and males had defaulted or forbore on their student loan debt.
- Two-fifths of borrowers who had personal incomes of less than $25,000 in 2016 had defaulted or forbore on their student loan debt in the past.
- Among borrowers who said student loan debt delayed buying a home, 35 percent had defaulted or forbore on their debt.



Generation:	**Younger Millennials (born 1990-1998)**	**Older Millennials (born 1980-1989)**
Had defaulted/ forbore	27%	35%
Never defaulted/ forbore	67	62
Don't know	4	2
Other	1	1

Gender:	**Male**	**Female**
Had defaulted/ forbore	34%	26%
Never defaulted/ forbore	61	70
Don't know	4	2
Other	1	1

Default or Forbearance of Student Loan Debt

2016 Personal Income:	Less than $25,000	$25,000 to $49,999	$50,000 to $74,999	More than $75,000
Had defaulted/ forbore	41%	32%	23%	21%
Never defaulted/ forbore	52	64	73	77
Don't know	6	3	3	2
Other	1	1	1	*

** Less than 1 percent*

Student Loan Debt Amount:	$1 to $5,000	$5,001 to $10,000	$10,001 to $20,000	$20,001 to $30,000	$30,001 to $40,000	$40,001 to $50,000	$50,001 to $70,000	$70,001 to $100,000	More than $100,000
Had defaulted/ forbore	34%	25%	35%	29%	30%	36%	36%	32%	28%
Never defaulted/ forbore	58	67	62	64	63	59	61	66	69
Don't know	8	8	3	6	4	3	2	2	2
Other	*	1	*	1	3	2	*	*	1

** Less than 1 percent*

Student Loan Debt Delays Home Buying	Yes	No, student loan debt has had no impact on ability to purchase a home	No, ability to purchase a home is a direct result of the fact that attended higher education	Don't know
Had defaulted/ forbore	35%	24%	17%	27%
Never defaulted/ forbore	61	66	79	67
Don't know	3	8	4	4
Other	1	2	*	2

** Less than 1 percent*

Employment

- Eighty-four percent of respondents are working full-time. Eight percent are working part-time and the majority of those are looking for full-time work.
- Almost half of respondents would be interested in starting a small business in the future.

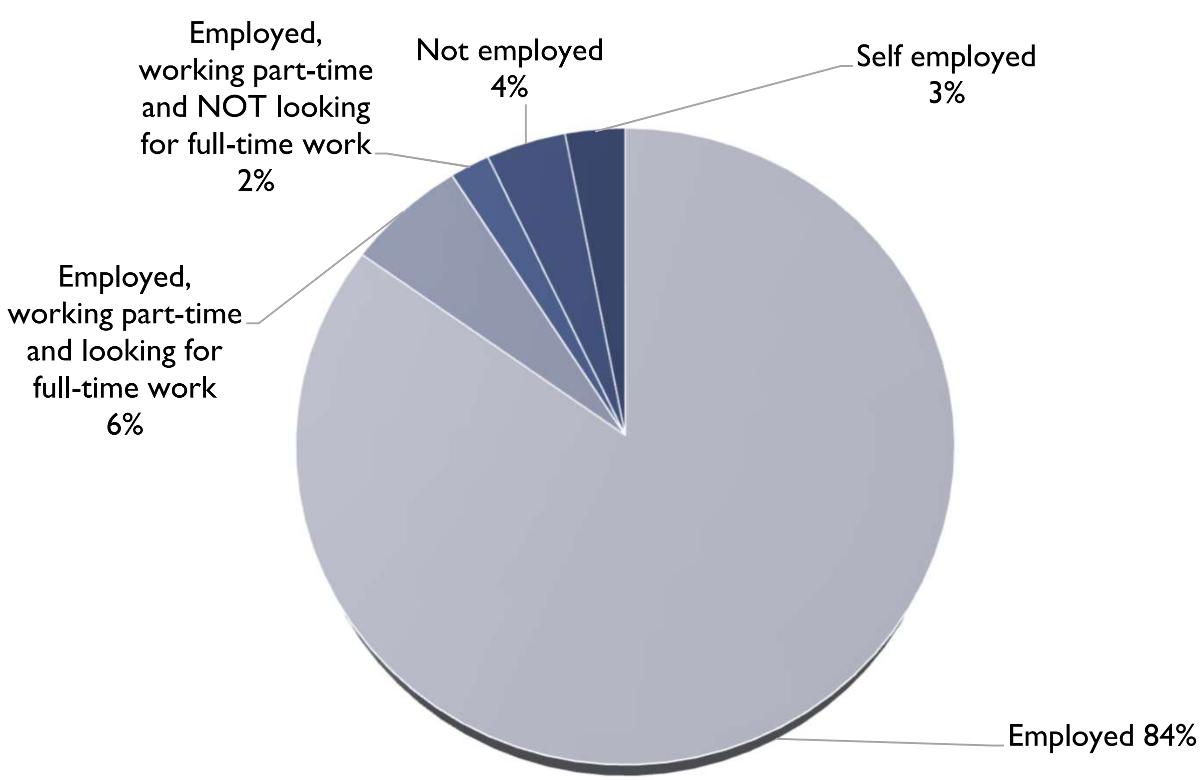
Interest in starting a small business:

Yes: 46%

No: 51%

Currently have a small business: 4%

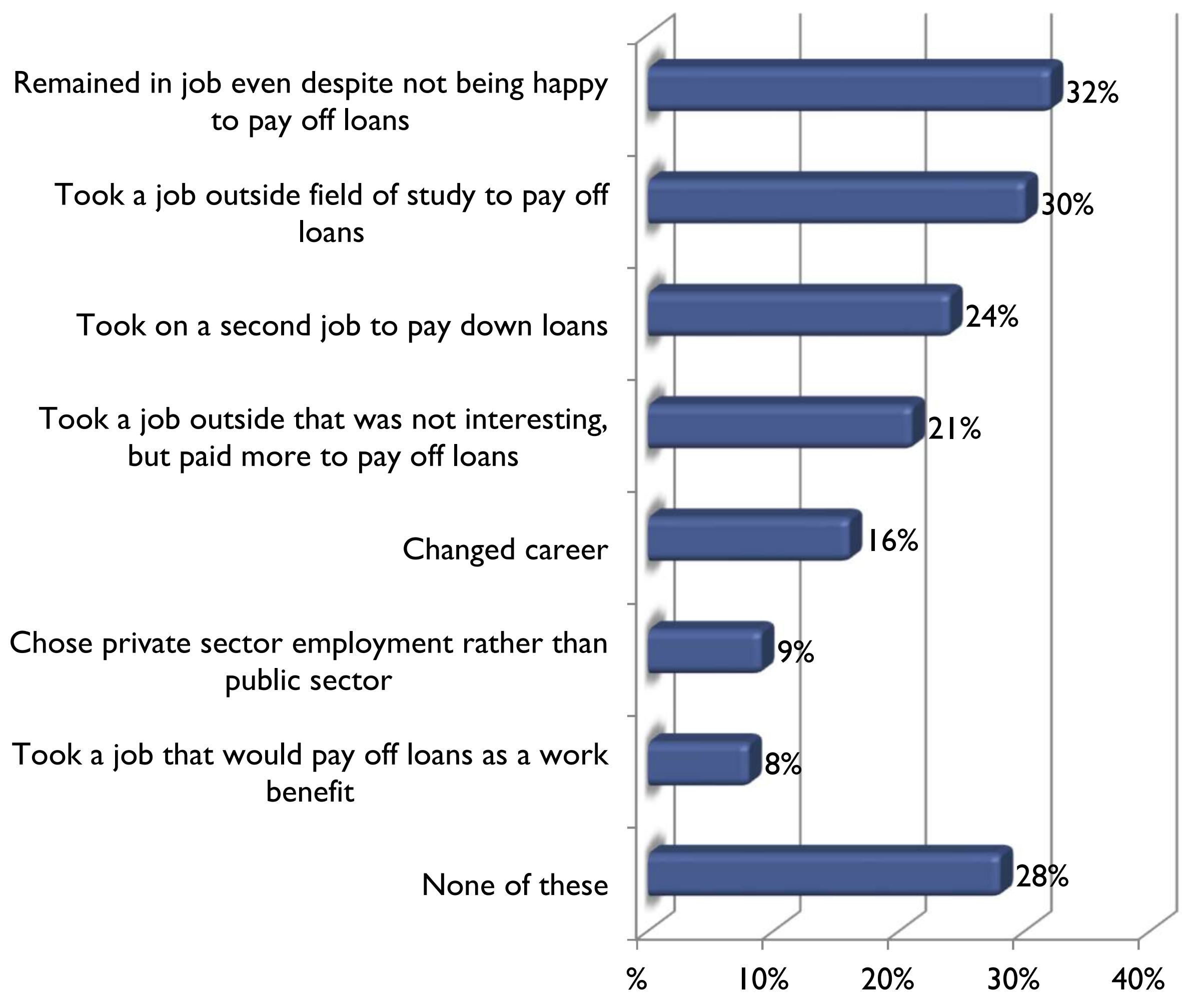
Employment Status



Employment

- Career changes to pay off student loan debt were common among borrowers. Only 28 percent had not made changes to their careers due to student loan debt.
- Thirty-two percent of student loan borrowers have remained in a job despite being unhappy to pay off their student loans and 30 percent took a job outside of their field of study to pay off loans.
- One-quarter of borrowers took a second job to pay off their student loan debt.

Student Loan Debt Effect on Post Higher Education or Employment Decisions



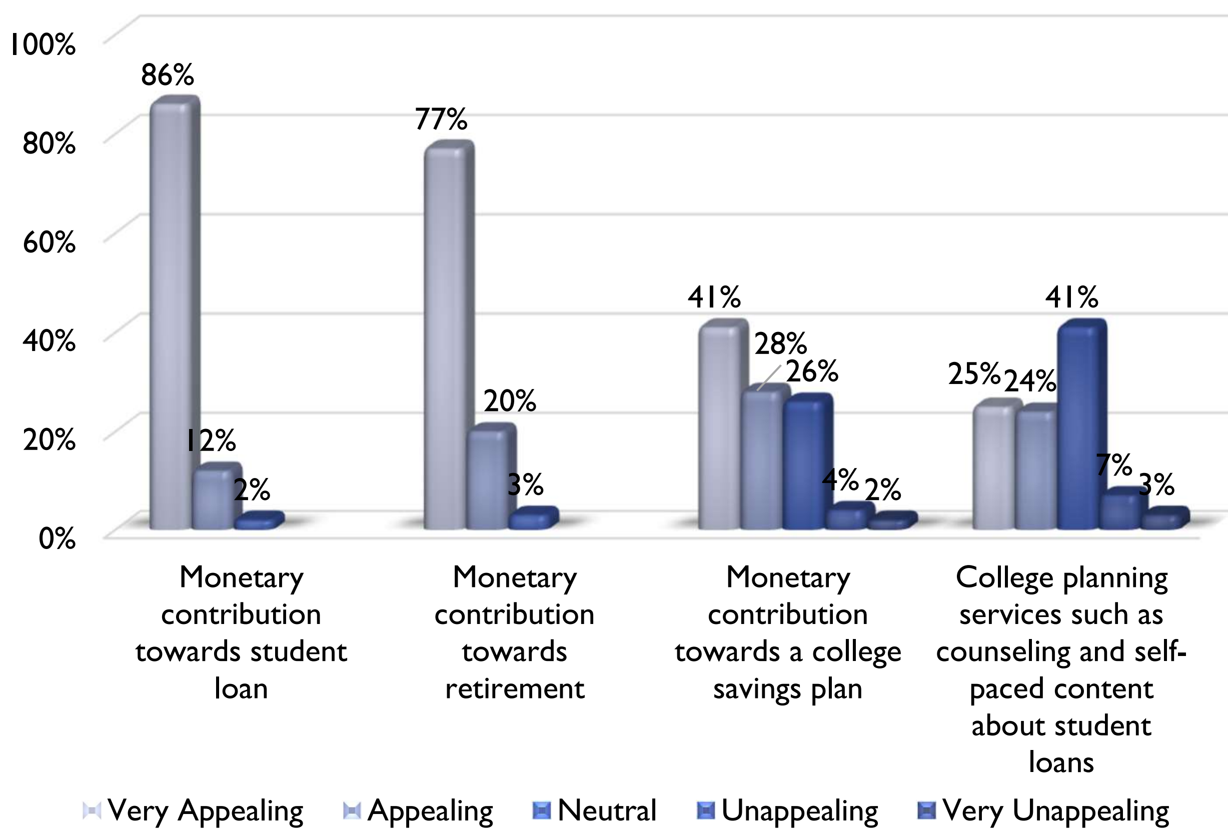
Employment Benefits

- Nine in ten respondents would be interested in a job if an employer offered a student loan debt repayment benefit.
- The most appealing benefits of potential employers are monetary contribution towards student loans and monetary contribution towards retirement.

Interest in choosing job if employer offered student loan debt repayment:

- Yes impact: 91%
- No impact: 3%
- Don't know if student loan repayment would impact: 6%

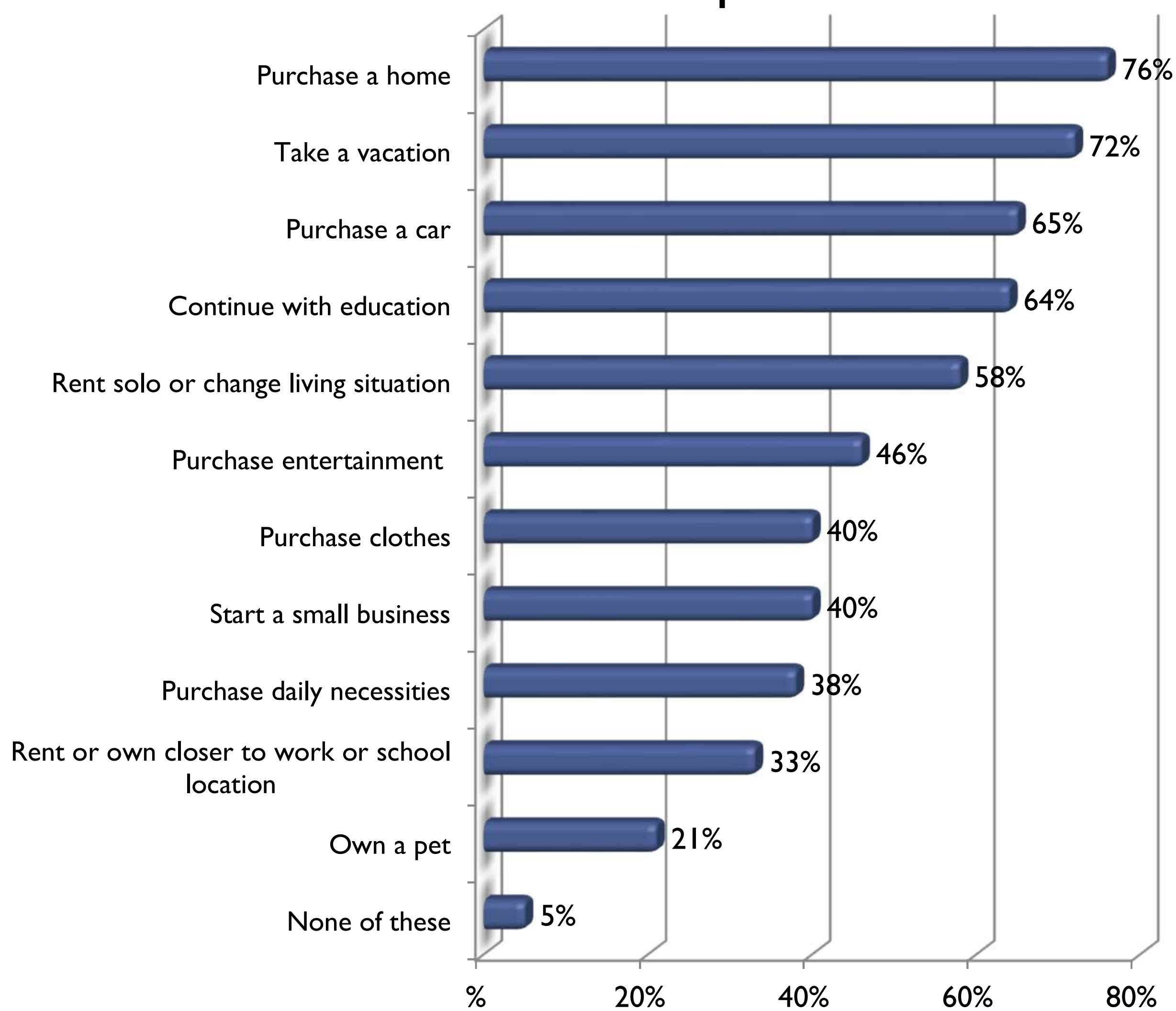
Appeal of Benefits Being Offered by Employer



Student Loan Debt Impacted Either Decision and/or Ability To Do

- More than seven in ten student loan borrowers believe student loan debt has impacted their ability to purchase a home or take a vacation.
- More than half of borrowers believe student loan debt has impacted their ability to purchase a car, continue with education, and rent solo or change their current living situation.
- Seventy-eight percent of older millennials believe their ability to purchase a home was impacted and 66 percent of younger millennials say their ability to rent solo or change their living situation was impacted by their student loan debt.

Student Loan Debt Impacted



2017 Student Loan Debt and Housing Report

Student Loan Debt Impacted Either Decision and/or Ability To Do

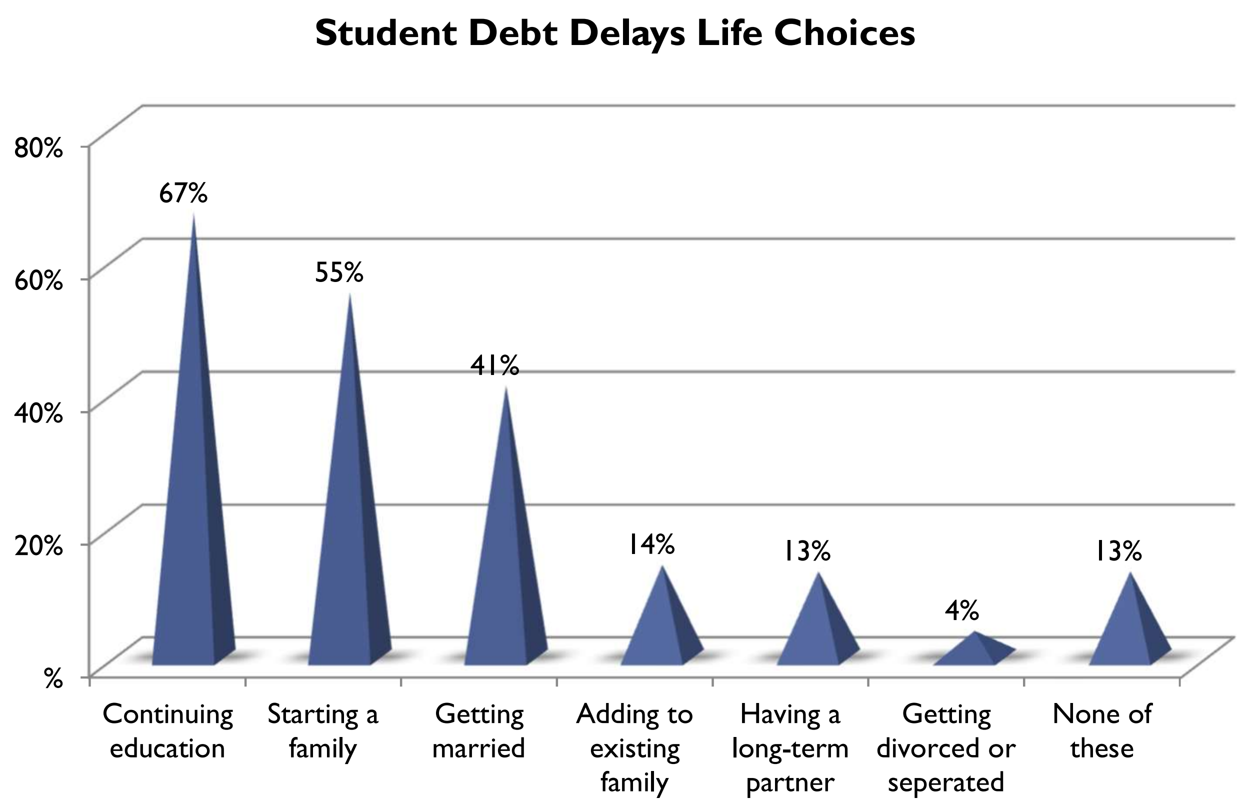
Generation:	**Younger Millennials** (born 1990-1998)	**Older Millennials** (born 1980-1989)
Purchase a home	76%	78%
Take a vacation	72	74
Continue with education	71	57
Rent solo or change living situation	66	50
Purchase a car	65	67
Purchase entertainment	48	45
Purchase clothes	43	39
Start a small business	40	41
Purchase daily necessities	39	38
Rent or own closer to work or school location	38	30
Own a pet	23	19
None of these	5	3

Student Loan Debt Amount:	**$1 to $5,000**	**$5,001 to $10,000**	**$10,001 to $20,000**	**$20,001 to $30,000**	**$30,001 to $40,000**	**$40,001 to $50,000**	**$50,001 to $70,000**	**$70,001 to $100,000**	**More than $100,000**
Take a vacation	44%	43%	63%	70%	71%	76%	72%	83%	80%
Purchase a home	53	60	59	70	77	84	80	89	88
Purchase a car	44	48	56	62	69	70	59	72	76
Continue with education	69	66	66	70	67	66	66	65	49
Rent solo or change living situation	53	51	51	55	58	59	61	64	59
Purchase entertainment	25	26	37	41	45	52	48	54	53
Purchase clothes	34	24	38	35	36	41	41	46	48
Purchase daily necessities	28	27	34	34	33	39	44	43	42
Start a small business	38	36	33	40	38	38	40	43	45
Rent or own closer to work or school location	31	16	24	31	32	36	35	37	41
Own a pet	22	6	15	19	21	26	19	30	24
None of these	13	15	8	7	3	1	3	2	1

2016 Personal Income:	**Less than $25,000**	**$25,000 to $49,999**	**$50,000 to $74,999**	**More than $75,000**
Purchase a home	69%	80%	80%	75%
Take a vacation	67	76	72	70
Continue with education	70	69	55	50
Rent solo or change living situation	65	62	48	46
Purchase a car	68	67	62	63
Purchase entertainment	51	48	40	41
Purchase clothes	46	41	34	36
Start a small business	40	40	42	41
Purchase daily necessities	44	41	30	28
Rent or own closer to work or school location	31	37	33	27
Own a pet	26	21	17	18
None of these	5	3	5	6

Life Choices

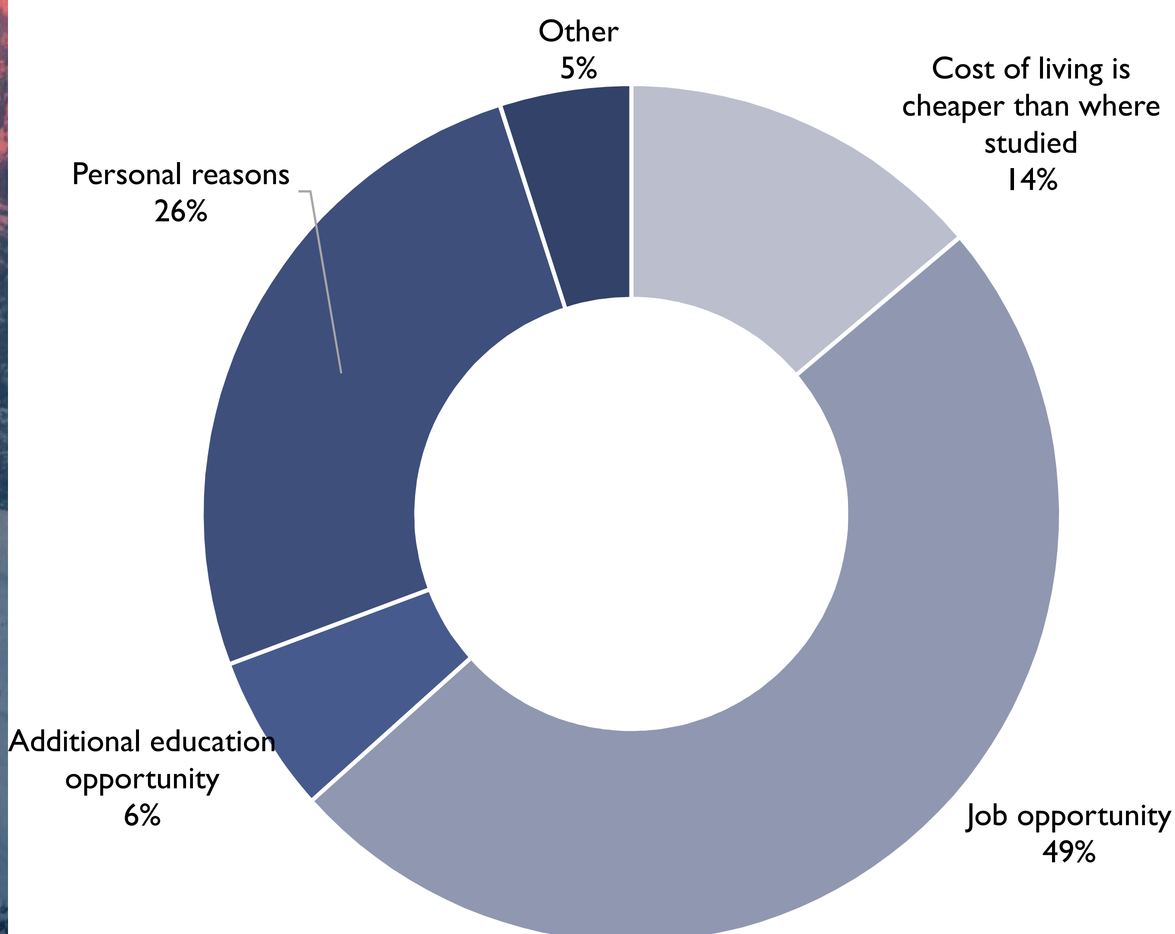
- Among life choices, more than half of respondents believe they are delayed in continuing their education or starting a family due to student loan debt.
- Forty-one percent would like to get married, but are delayed from marriage due to their student loan debt.
- Only 13 percent of respondents did not have a life event delayed due to debt.



Out-of-State Move

- Twenty-seven percent moved to another state after finishing school.
- Nearly half of out-of-state movers, moved for a job opportunity. More than a quarter of movers, moved for personal reasons and 14 percent moved because the cost of living was more affordable then where they studied.

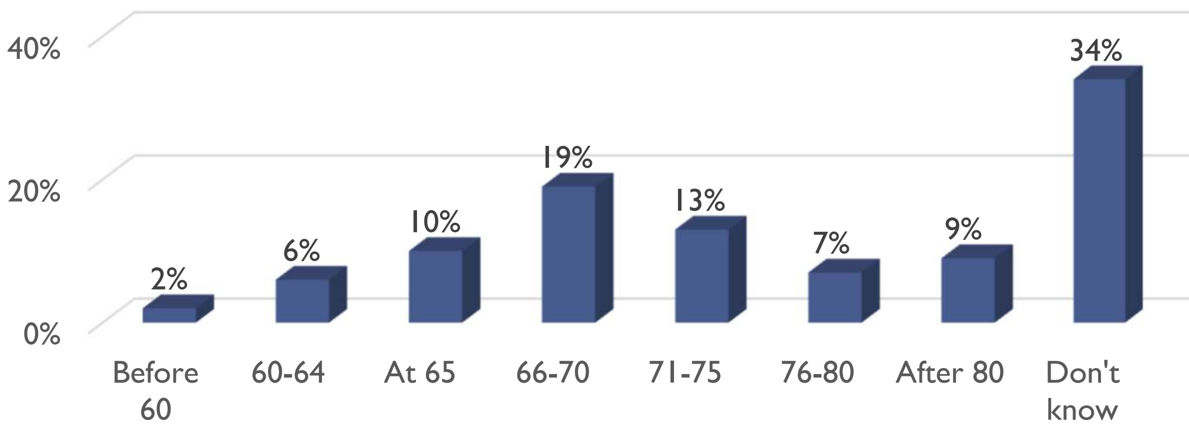
Reason for Moving to a New State



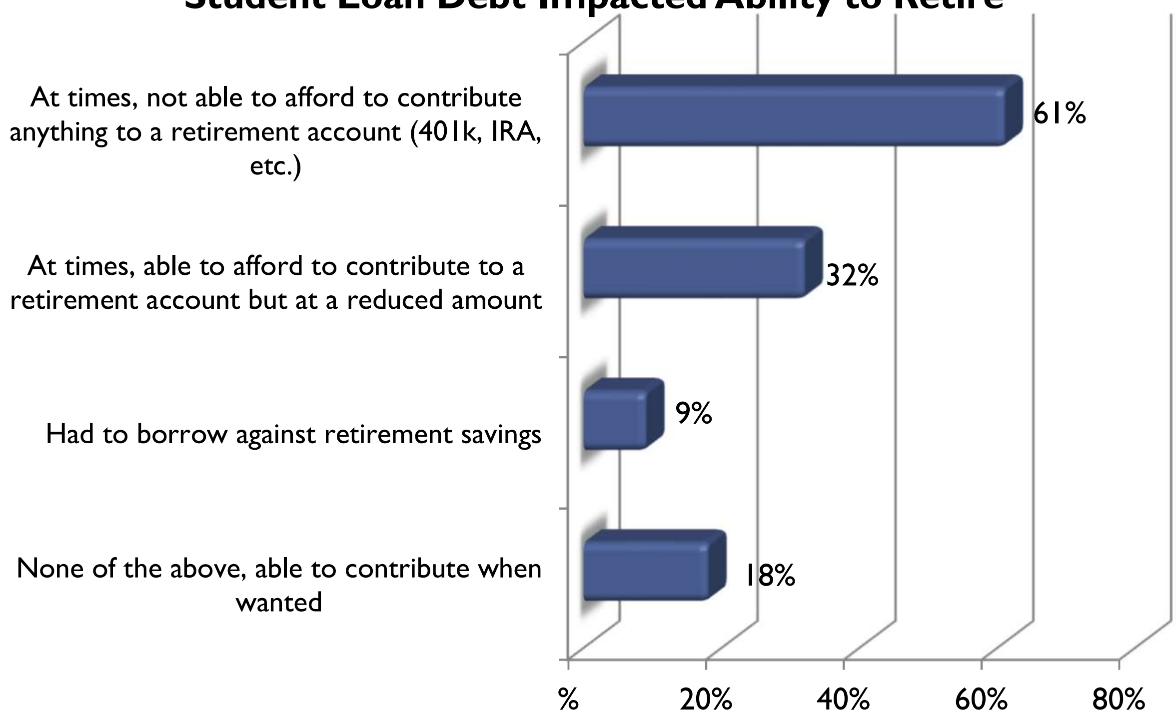
Retirement

- The highest share of respondents believe they will retire between 66 and 70 years of age, however 29 percent believe they will retire after the age of 70.
- Sixty-one percent of student loan debt borrowers at times have not been able to make a contribution to their retirement and 32 percent were able to contribute, but a reduced amount.

Expected Age of Retirement



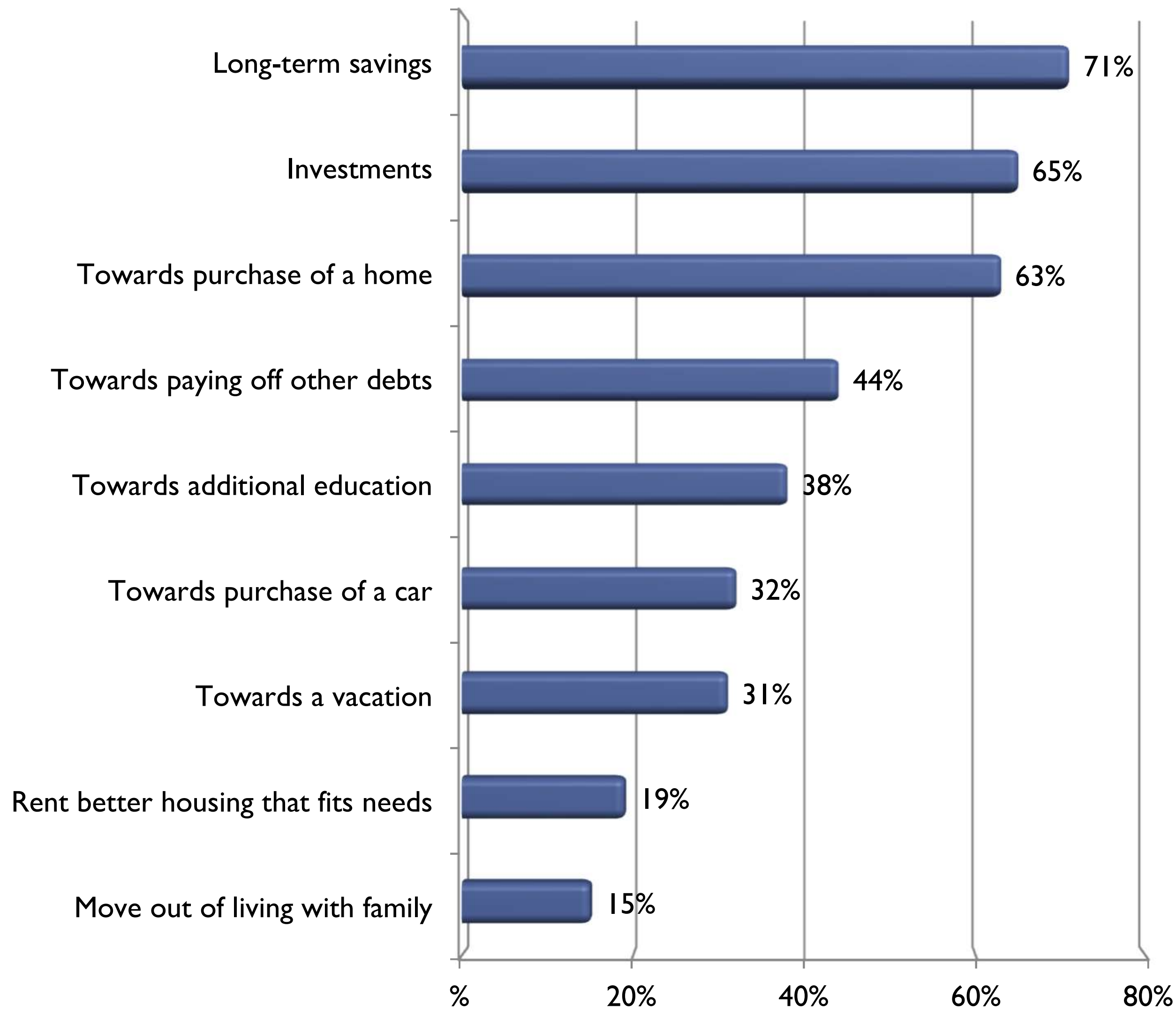
Student Loan Debt Impacted Ability to Retire



Where Additional Funds Would Go

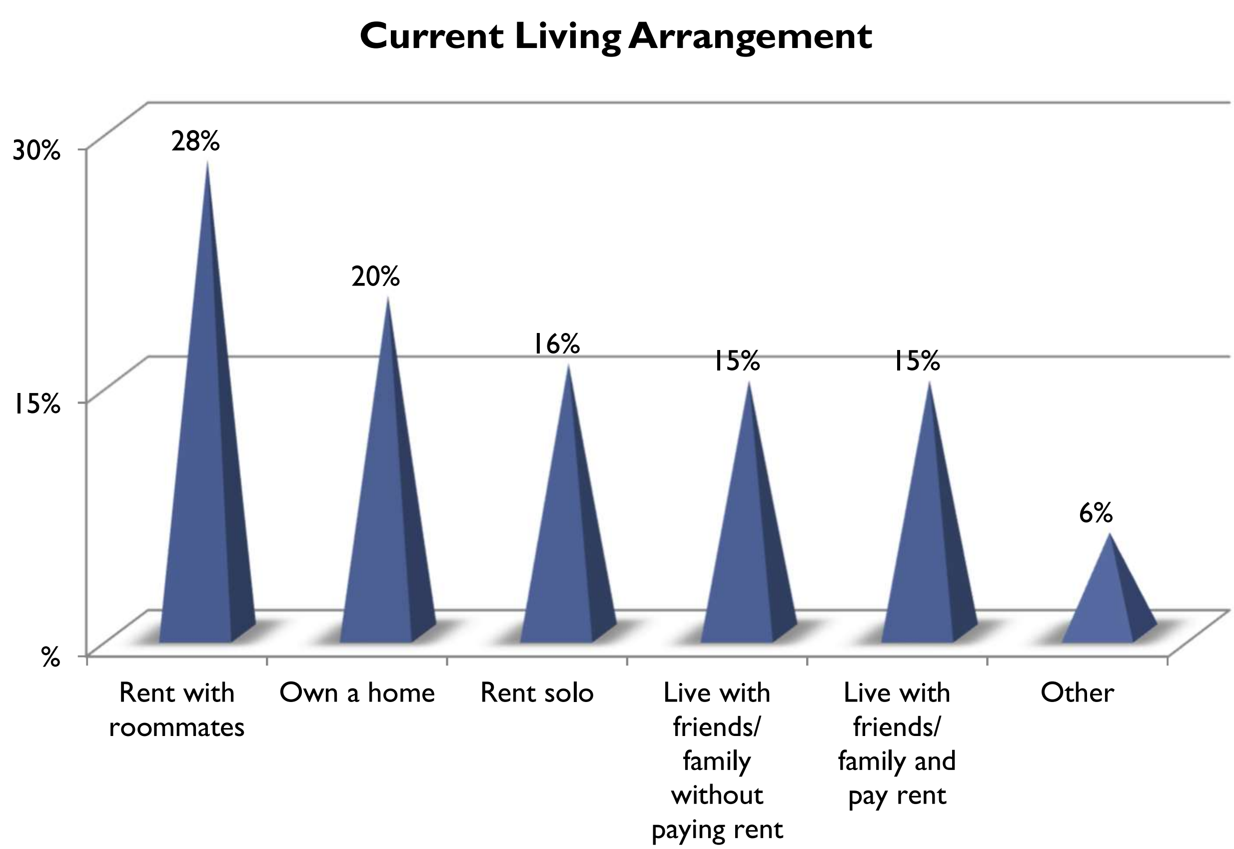
- If the student loan borrower did not have to pay to student loan debt, more than three-fifths would put the extra money towards long-term savings, investments, or towards the purchase of a home.
- Forty-four percent of respondents would put the extra money they would have from paying student loans towards paying off other debts.

Spend Additional Money If Had No Debt



Current Living Arrangement

- Most commonly, 28 percent of respondents rent with roommates.
- Fifteen percent live with friends or family and pay rent, and 15 percent live with friends and family and do not pay rent.
- Twenty percent own their own home and 16 percent rent solo.
- Older millennials are nearly three times more likely to own a home compared to younger millennials
- Thirty-five percent of younger millennials live with family (both paying and not paying rent) compared to just 24 percent of older millennials.



Current Living Arrangement

Generation:	Younger Millennials (born 1990-1998)	Older Millennials (born 1980-1989)
Own a home	11%	29%
Rent solo	14	19
Rent with roommates	35	23
Live with friends/ family without paying rent	20	10
Live with friends/ family and pay rent	15	14
Other	5	5

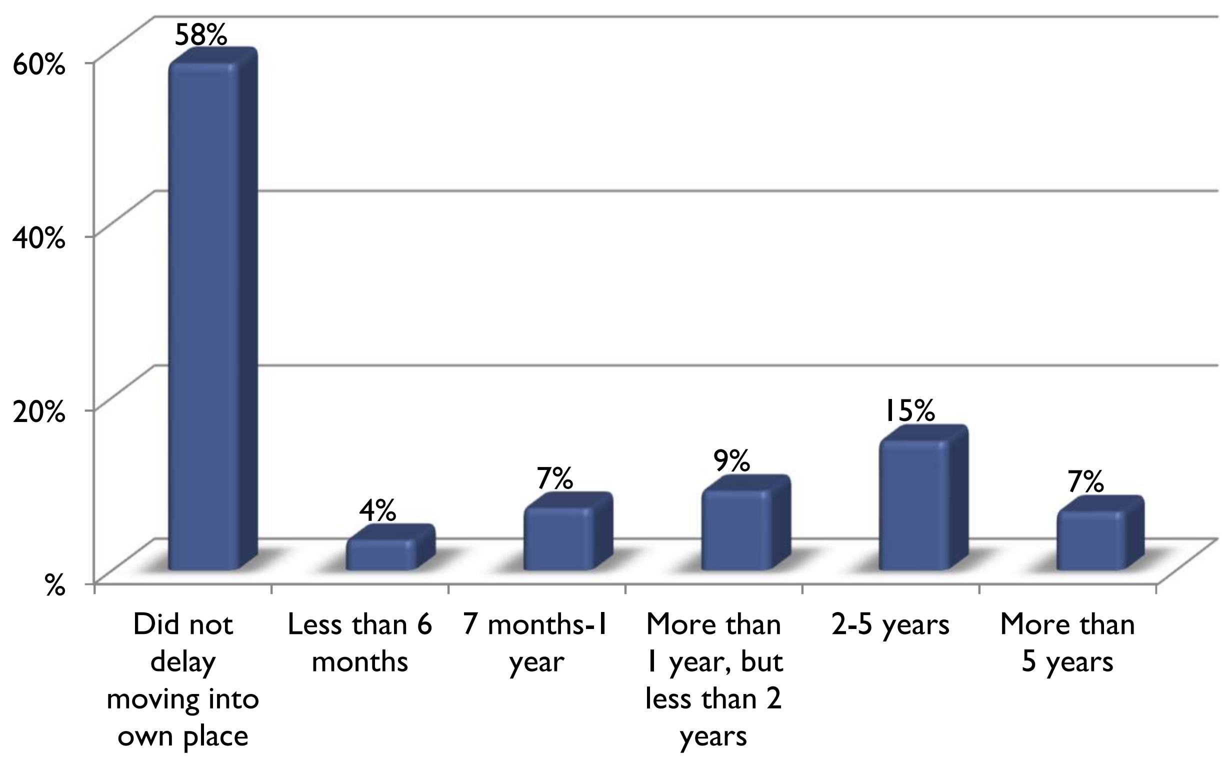
Student Loan Debt Amount:	$1 to $5,000	$5,001 to $10,000	$10,001 to $20,000	$20,001 to $30,000	$30,001 to $40,000	$40,001 to $50,000	$50,001 to $70,000	$70,001 to $100,000	More than $100,000
Own a home	20%	22%	24%	23%	16%	20%	20%	16%	17%
Rent solo	23	11	12	15	16	19	15	19	20
Rent with roommates	10	25	27	26	29	34	29	30	28
Live with friends/ family without paying rent	13	14	16	16	15	15	15	18	12
Live with friends/ family and pay rent	27	23	15	16	16	9	14	12	15
Other	7	5	7	4	8	2	6	5	7

2016 Personal Income:	Less than $25,000	$25,000 to $49,999	$50,000 to $74,999	More than $75,000
Own a home	10%	19%	29%	29%
Rent solo	11	16	21	22
Rent with roommates	25	31	31	18
Live with friends/ family without paying rent	28	13	5	9
Live with friends/ family and pay rent	18	14	11	17
Other	8	6	3	4

Student Loan Debt Delayed Decision to Move Out of Family Member's Home After College

- While 58 percent of student loan borrowers did not delay moving out of a family member's home after college, 42 percent did delay their move.
- Twenty percent delayed moving out of a family member's home after college for at least two years.
- Younger millennials and those with 2016 personal incomes under $25,000 were the most likely to delay moving out of a family home.

Delay Moving Out of Family Member's Home After College



Student Loan Debt Delayed Decision to Move Out of Family Member's Home After College

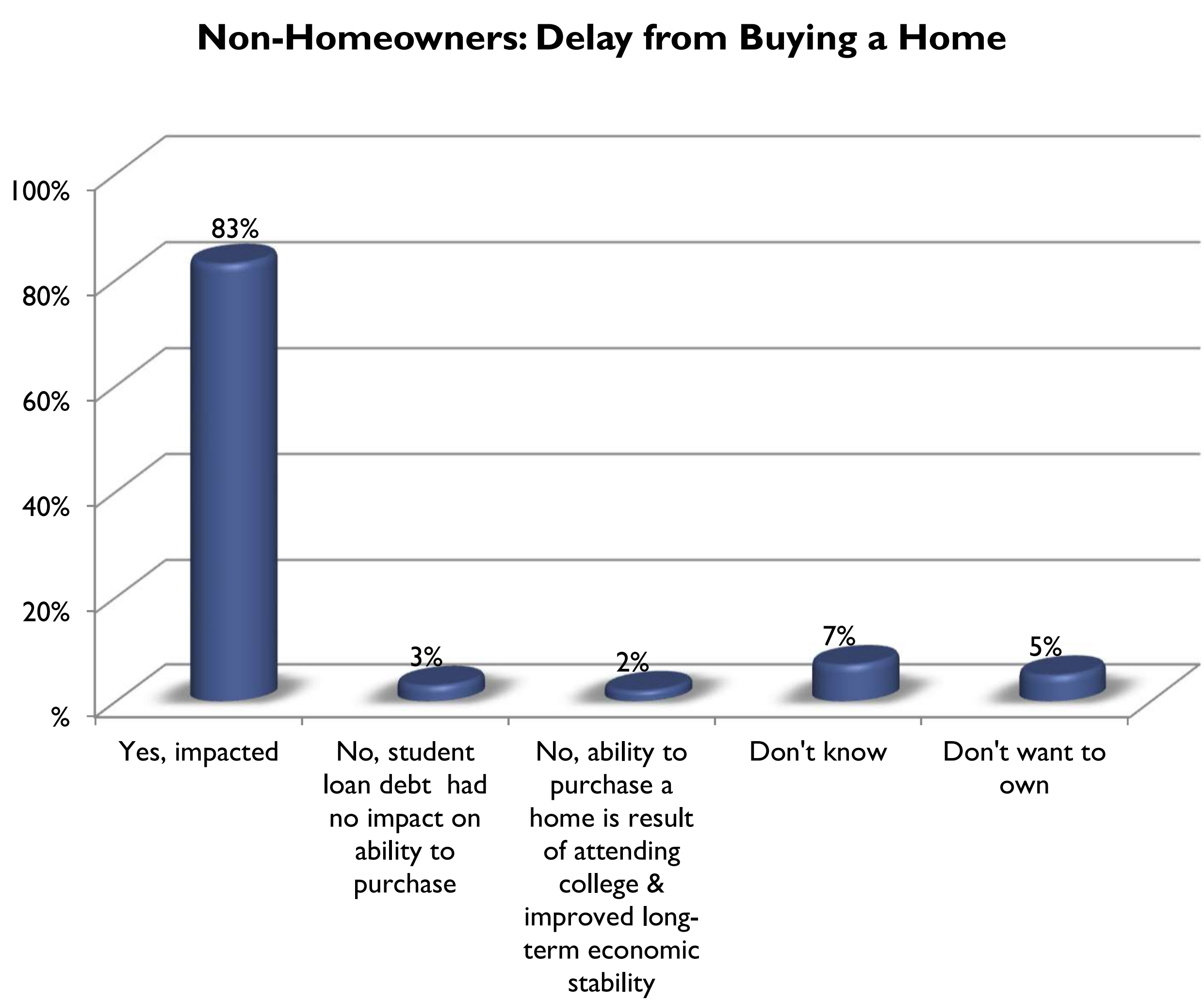
Generation:	Younger Millennials (born 1990-1998)	Older Millennials (born 1980-1989)
Did not delay moving into own place	41%	56%
Less than 6 months	6	4
7 months-1 year	10	7
More than 1 year, but less than 2 years	11	8
2-5 years	24	15
More than 5 years	9	10

Student Loan Debt Amount:	$1 to $5,000	$5,001 to $10,000	$10,001 to $20,000	$20,001 to $30,000	$30,001 to $40,000	$40,001 to $50,000	$50,001 to $70,000	$70,001 to $100,000	More than $100,000
Did not delay moving into own place	41%	44%	47%	47%	44%	48%	50%	46%	53%
Less than 6 months	6	7	4	7	3	3	6	3	5
7 months-1 year	13	7	7	7	13	13	7	10	7
More than 1 year, but less than 2 years	9	13	12	8	9	9	10	10	9
2-5 years	22	24	19	22	19	19	17	21	16
More than 5 years	9	5	11	9	9	9	11	10	6

2016 Personal Income:	Less than $25,000	$25,000 to $49,999	$50,000 to $74,999	More than $75,000
Did not delay moving into own place	35%	46%	61%	57%
Less than 6 months	4	5	6	7
7 months-1 year	8	8	9	10
More than 1 year, but less than 2 years	10	10	8	8
2-5 years	28	21	12	11
More than 5 years	15	9	4	6

Among NON-Homeowners: Student Loan Debt Delaying From Buying a Home

- Among non-homeowners, 83 percent believe their student loan debt has delayed them from buying a home.
- Among older millennials, 86 percent believe their student loan debt is delaying them from buying a home.
- Debt delaying potential home buyers is highest among those with more than $70,000 in student loan debt—about nine in ten believe it is delaying their ability to purchase a home.



Among NON-Homeowners: Student Loan Debt Delaying From Buying a Home

Generation:	Younger Millennials (born 1990-1998)	Older Millennials (born 1980-1989)
Yes, impacted	80%	86%
No, student loan debt had no impact on ability to purchase	4	3
No, ability to purchase is a result of attending college and improved long-term economic stability	2	2
Don't know	8	6
Don't want to own	7	4

Student Loan Debt Amount:	$1 to $5,000	$5,001 to $10,000	$10,001 to $20,000	$20,001 to $30,000	$30,001 to $40,000	$40,001 to $50,000	$50,001 to $70,000	$70,001 to $100,000	More than $100,000
Yes, impacted	61%	63%	79%	78%	81%	87%	84%	88%	90%
No, student loan debt had no impact on ability to purchase	9	8	7	5	5	3	2	1	*
No, ability to purchase is a result of attending college and improved long-term economic stability	4	3	1	1	1	2	2	2	1
Don't know	17	16	5	9	8	4	5	5	6
Don't want to own	9	10	8	6	4	5	8	4	2

** Less than 1 percent*

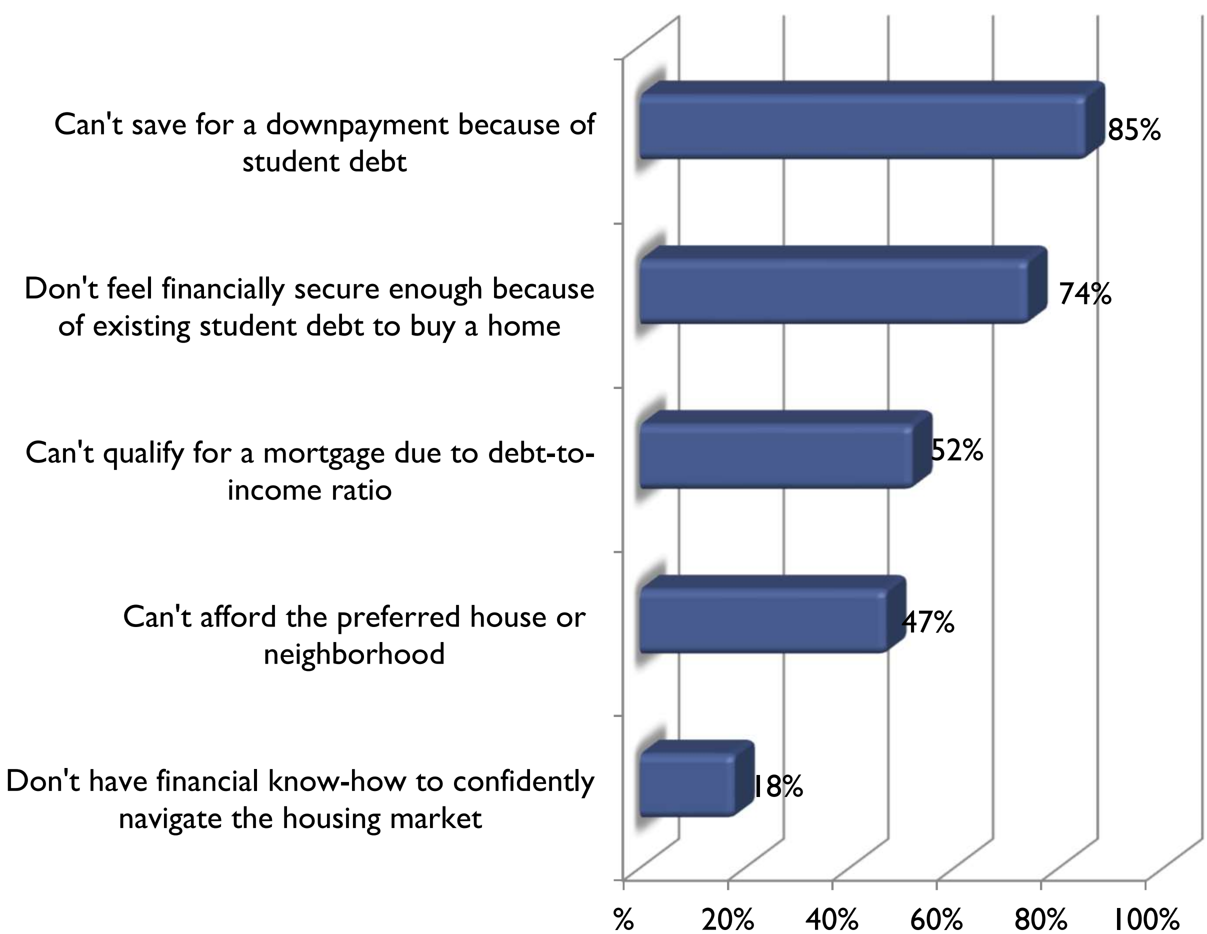
2016 Personal Income:	Less than $25,000	$25,000 to $49,999	$50,000 to $74,999	More than $75,000
Yes, impacted	76%	86%	84%	82%
No, student loan debt had no impact on ability to purchase	3	4	4	*
No, ability to purchase is a result of attending college and improved long-term economic stability	1	1	3	4
Don't know	10	6	5	9
Don't want to own	10	3	4	5

** Less than 1 percent*

Among NON-Homeowners: Reasons Why Student Loan Debt is Delaying Home Purchase

- Among non-homeowners who believe their student loan debt is delaying their ability to purchase a home, 85 percent believe the cause is the inability to save for a downpayment because of debt.
- Seventy-four percent of those who are delayed don't feel financially secure enough and 52 percent can't qualify for a mortgage due to debt-to-income ratios.
- Forty-eight percent of younger millennials can't qualify for a mortgage due to debt-to-income ration compared to fifty-seven percent of older millennials.

Reasons for Delay Buying a Home



Among NON-Homeowners: Reasons Why Student Loan Debt is Delaying Home Purchase

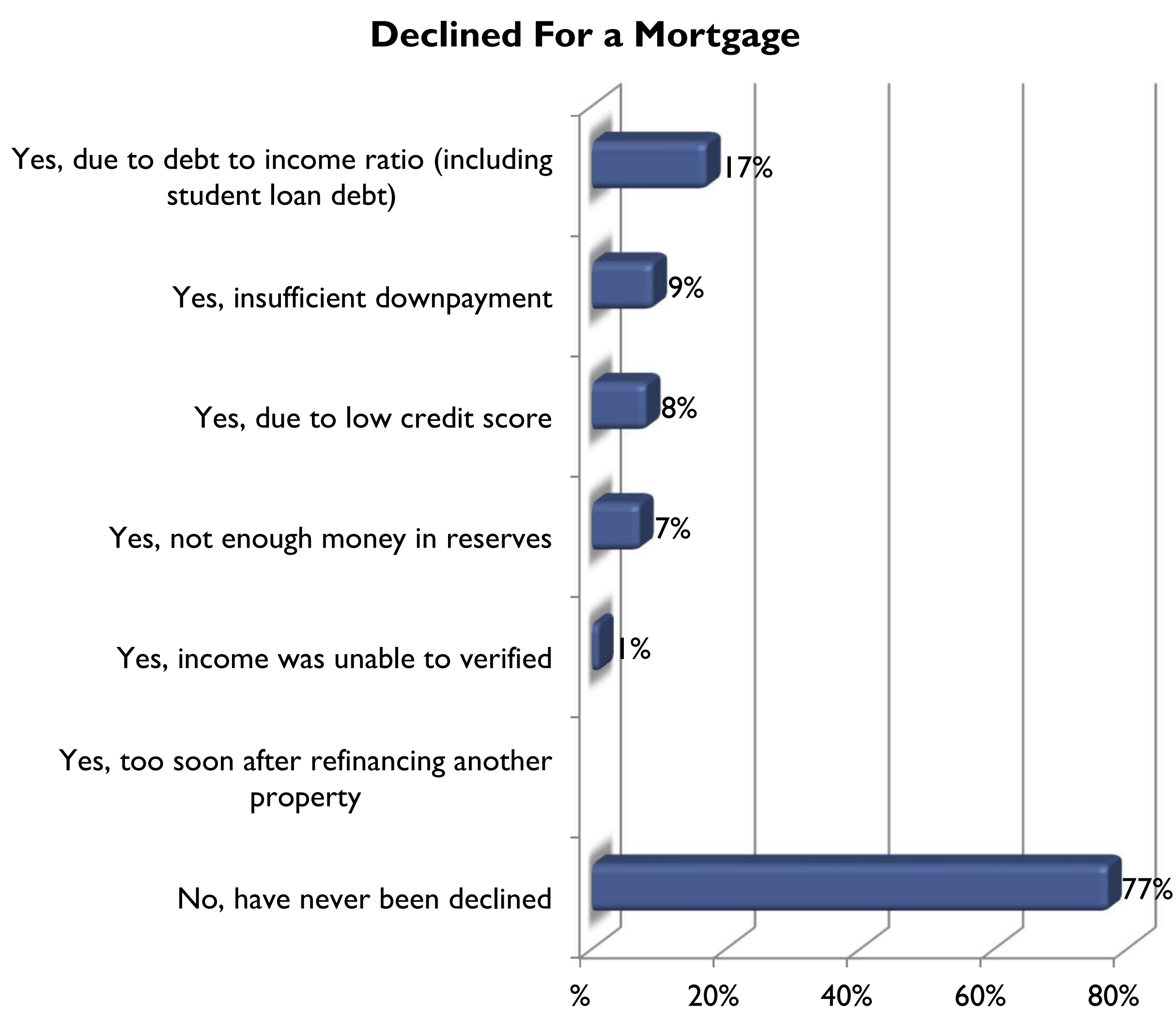
Generation:	**Younger Millennials** (born 1990-1998)	**Older Millennials** (born 1980-1989)
Can't save for a downpayment because of student debt	86%	86%
Don't feel financially secure enough because of existing student debt to buy a home	77	71
Can't qualify for a mortgage due to debt-to-income ratio	48	57
Can't afford the preferred house or neighborhood	47	47
Don't have financial know-how to confidently navigate the housing market	20	16

Student Loan Debt Amount:	**$1 to $5,000**	**$5,001 to $10,000**	**$10,001 to $20,000**	**$20,001 to $30,000**	**$30,001 to $40,000**	**$40,001 to $50,000**	**$50,001 to $70,000**	**$70,001 to $100,000**	**More than $100,000**
Can't save for a downpayment because of student debt	71	66	82	87	87	86	89	90	83
Don't feel financially secure enough because of existing student debt to buy a home	57	61	73	76	79	72	77	68	74
Can't qualify for a mortgage due to debt-to-income ratio	50	58	50	52	50	45	52	52	58
Can't afford the preferred house or neighborhood	43	21	43	51	43	49	51	43	54
Don't have financial know-how to confidently navigate the housing market	21	11	21	20	23	18	18	13	17

2016 Personal Income:	**Less than $25,000**	**$25,000 to $49,999**	**$50,000 to $74,999**	**More than $75,000**
Can't save for a downpayment because of student debt	85%	86%	87%	83%
Don't feel financially secure enough because of existing student debt to buy a home	76	73	72	77
Can't qualify for a mortgage due to debt-to-income ratio	62	55	39	38
Can't afford the preferred house or neighborhood	76	73	72	77
Don't have financial know-how to confidently navigate the housing market	20	19	14	14

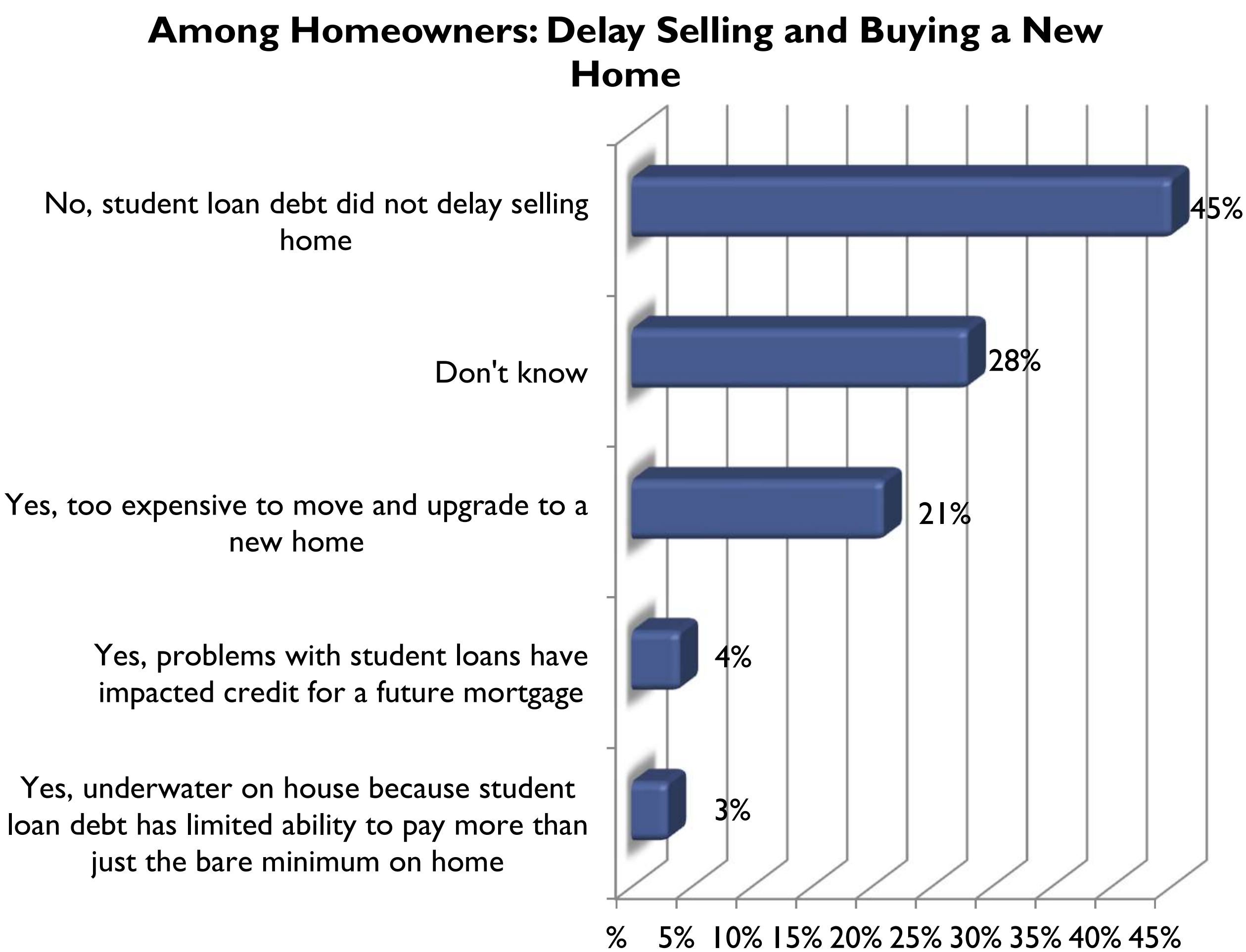
Among NON-Homeowners: Declined By Mortgage Lender

- Amongst non-owners, 77 percent have not been declined for a mortgage in the past, however 23 percent have been declined.
- The most common reason for being declined after applying for a mortgage is the debt-to-income ratio, which includes student loan debt.
- Other common reasons include insufficient downpayments, low credit scores, and not enough income in reserves.



Among Homeowners: Student Loan Debt Delaying From Selling a Home and Buying Another

- Twenty-eight percent of current homeowners with student loan debt are also facing housing hurdles and are unable to sell their existing home and buy another property.
- These homeowners face a variety of problems: 21 percent believe it is too expensive to move and upgrade to a new home, four percent have problems with their credit caused by student loan debt, and three percent are underwater on their home.
- Forty-two percent of those with student loan debt of more than $100,000 and 33 percent of older millennials are in a situation where they would rather sell their home and purchase another home but cannot.



2017 Student Loan Debt and Housing Report

Among Homeowners: Student Loan Debt Delaying From Selling a Home and Buying Another

Generation:	Younger Millennials (born 1990-1998)	Older Millennials (born 1980-1989)
Yes, too expensive to move and upgrade to a new home	11%	27%
Yes, problems with student loans have impacted credit for a future mortgage	4	3
Yes, underwater on house because student loan debt has limited ability to pay more than just the bare minimum on home	2	3
No, student loan debt did not delay selling home	49	43
Don't know	33	24

Student Loan Debt Amount:	$1 to $5,000	$5,001 to $10,000	$10,001 to $20,000	$20,001 to $30,000	$30,001 to $40,000	$40,001 to $50,000	$50,001 to $70,000	$70,001 to $100,000	More than $100,000
Yes, too expensive to move and upgrade to a new home	*	9%	13%	18%	10%	34%	30%	26%	35%
Yes, problems with student loans have impacted credit for a future mortgage	8	3	3	3	1	2	6	6	4
Yes, underwater on house because student loan debt has limited ability to pay more than just the bare minimum on home	*	3	*	3	1	2	6	6	3
No, student loan debt did not delay selling home	62	56	59	48	50	47	33	32	31
Don't know	31	28	25	29	37	15	25	30	28

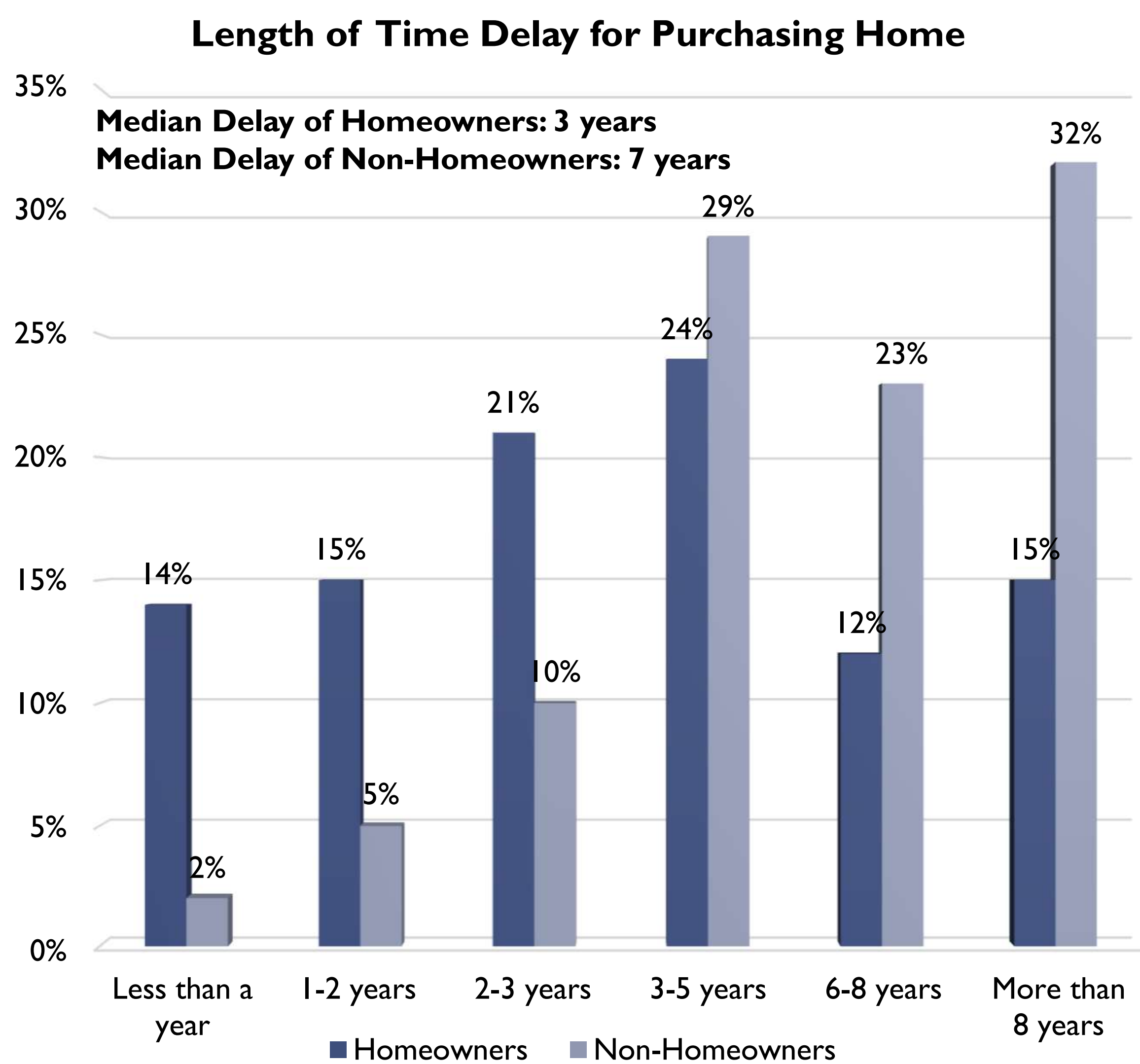
* Less than 1 percent

2016 Personal Income:	Less than $25,000	$25,000 to $49,999	$50,000 to $74,999	More than $75,000
Yes, too expensive to move and upgrade to a new home	15%	20%	23%	26%
Yes, problems with student loans have impacted credit for a future mortgage	4	6	1	*
Yes, underwater on house because student loan debt has limited ability to pay more than just the bare minimum on home	1	5	2	1
No, student loan debt did not delay selling home	45	340	52	46
Don't know	35	30	23	27

** Less than 1 percent*

Length of Time Delayed From Purchasing

- The median delay among homeowners from purchasing their next home is three years and seven years among non-owners.
- More than half of younger millennials expect to be delayed more than three years.
- About one-third of borrowers with student loan debt between $30,000 and $50,000 and more than $70,000 expect to be delayed more than eight years from purchasing a home.



Among Non-Homeowners and Homeowners Delayed: Length of Time Delayed From Purchasing

Generation:	**Younger Millennials** (born 1990-1998)	**Older Millennials** (born 1980-1989)
Did not delay, I purchased a home when I was ready	2%	6%
0-6 months	*	1
6 months-1 year	2	2
1-2 years	6	5
2-3 years	8	12
3-5 years	30	25
6-8 years	23	20

** Less than 1 percent*

Student Loan Debt Amount:	**$1 to $5,000**	**$5,001 to $10,000**	**$10,001 to $20,000**	**$20,001 to $30,000**	**$30,001 to $40,000**	**$40,001 to $50,000**	**$50,001 to $70,000**	**$70,001 to $100,000**	**More than $100,000**
Did not delay, I purchased a home when I was ready	*	7%	2%	5%	3%	3%	5%	3%	4%
0-6 months	*	2	1	*	*	1	2	1	*
6 months-1 year	*	*	*	2	2	2	2	2	2
1-2 years	13	12	8	5	8	3	5	5	4
2-3 years	7	12	14	9	9	12	9	7	11
3-5 years	47	29	30	28	25	25	25	28	28
6-8 years	13	33	19	23	21	23	25	21	18
More than 8 years	20	5	26	27	33	31	28	32	32

** Less than 1 percent*

2016 Personal Income:	**Less than $25,000**	**$25,000 to $49,999**	**$50,000 to $74,999**	**More than $75,000**
Did not delay, I purchased a home when I was ready	2%	4%	5%	8%
0-6 months	*	1	1	*
6 months-1 year	1	2	3	2
1-2 years	4	5	7	9
2-3 years	10	10	9	11
3-5 years	24	29	30	29
6-8 years	20	22	23	22
More than 8 years	40	29	21	20

** Less than 1 percent*

American Student Assistance Message

Conclusion and Recommendations

Economic concerns over the impact of student debt on the housing market and general consumerism in the U.S. are growing – and rightfully so. Over the past two decades, rising college costs, along with stagnant incomes, state budget cuts to higher education and a shift to student loans as the predominant form of federal financial aid, have all combined to create a much larger financial burden for students and families. Now, specific sectors of our economy may be paying the price.

As detailed in this study, as well as the American Student Assistance biennial "Life Delayed" survey and numerous other recent reports, there can be no doubt that college-goers struggling under the yoke of student debt are putting off buying homes and cars, starting a family or business, and saving for retirement. What will be the short- and long-term economic effects when whole generations delay life's milestones? The answers are just now coming to light.

While an easy solution to the national student debt problem would be to dissuade Americans from pursuing higher education, nothing could be more detrimental to our nation's wellbeing. By 2020, 65 percent of all jobs in our economy will require postsecondary education and training, according to the Georgetown University Center on Education and the Workforce. For the U.S. to retain its global competitiveness in the 21st century and beyond, we need to put *more* individuals, not less, on the path to higher education - be it a four-year college, two-year college or certificate program.

Certainly we must do all we can to make college more affordable for the students of the future. Free college and/or debt-free college initiatives at the regional and state level hold promise, but have limited scope for widespread impact. Moreover, there are 44 million Americans *already* holding $1.4 trillion in student loans; short of legislation imposing a student debt amnesty or "jubilee," it is highly unlikely this existing debt will ever be wiped away. Therefore, we must enact solutions that both reduce student debt levels in the future and enable current borrowers to manage education debt successfully, so they can simultaneously achieve other financial goals. Bottom line: We cannot allow fear of debt to hold students back from the pursuit of higher education, but neither can we allow the acquisition of student debt to hold them back from other economic investments.

To that end, American Student Assistance makes the following policy recommendations to ease the struggles of past, present and future borrowers:

Decrease debt burdens: Federal and state governments should make a commitment to the public good of higher education by delivering more grant aid to students and increasing funding for public higher education institutions, which educate the

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American Student Assistance Message

majority of collegegoers today. At the same time, higher education institutions themselves should be encouraged to, and held accountable for, controlling costs as much as possible to lessen the need for student debt.

Increase financial education for college students: Colleges can help minimize borrowing by teaching students basic personal finance 101, such as budgeting and distinguishing between wants and needs. Additionally, using student loans as a teaching tool to convey such concepts as principal, interest and capitalization will lay the groundwork for students to be more educated consumers for future purchases – like a home.

Increase student loan borrowers' awareness of income-based repayment options and special homebuyer allowances: Federal student loans, which make up the bulk of student loans today, come with a variety of repayment plans that lower monthly payments to make room in a borrower's budget for other monthly expenditures, like a mortgage. Additionally, mortgage lenders have recently announced changes in student loan debt-to-income ratio calculations that can help ease restrictions on prospective homebuyers who carry education debt. Unfortunately, student loan borrowers are all too often in the dark about these available tools. Student loan servicers, the private contractors working on behalf of the federal government to collect student loan payment, should be encouraged and incented to recommend a payment plan based on a holistic view of the borrower's entire financial situation, whenever possible. Further, the student loan and mortgage industries should work together on public awareness campaigns and cross-training for frontline staff so that borrowers receive the most up-to-date advice on juggling both home and education debt.

Create tax incentives for employer-provided student loan reimbursement: More employers are beginning to offer a student loan reimbursement benefit, but estimates show only about 4 percent of employers nationwide currently offer this type of assistance. Meanwhile, in a recent ASA survey, roughly four out of five young workers said they would commit to their employer for five years if they helped pay off their student loans. Employers could boost their retention rates if they were willing to offer this benefit, but for many it is financially impossible. Tax incentives, similar to the ones currently in place for retirement benefits and tuition reimbursement, could help tip the scales for employers. There are currently multiple bills at the state and federal level that would accomplish this goal. Clearly the passage of federal legislation, to help ease the burden for as many current borrowers as possible, is the most ideal solution, but if that does not come to pass, individual states should look to implement their own solutions.

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Methodology

In August 2017, American Student Assistance® distributed a 41-question survey written by NAR and American Student Assistance® to 92,419 student loan borrowers who are currently in repayment. The survey was sent out to individuals who were aged 22 to 35. A total of 2,203 student loan borrowers completed the survey. The survey had a response rate of 2.4 percent.

Based on a sample of 2,203 responses there is a margin of error of plus or minus 2.09% at the 95 percent confidence level. This is based on the assumption, that according to the New York Federal Reserve Bank there are 20,734,800 borrowers who are under the age of 35 and are not delinquent. https://www.newyorkfed.org/microeconomics/topics/student-debt.

All information is characteristic of April 2017, with the exception of income data, which is reflective of 2016. The median is the primary statistical measure used throughout this report. Due to rounding, percentage distributions may not add to 100 percent.

American Student Assistance (asa.org) is a private nonprofit dedicated to eliminating finance as a barrier to education and the dreams education enables. ASA today combines its 60 years of experience, knowledge and best practices into its College Planning Services, Center for Consumer Advocacy and Salt® (saltmoney.org), a multidimensional program that teaches education consumers how to make smart decisions about responsibly financing higher education and repaying student loans.

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