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The Impact of Student Debt on Career Choices and Life Decisions

10.28.2015

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- **Background**
- **Findings**
 - Impact of debt on life choices and life style
- **Solutions**



AMERICAN STUDENT
— ASSISTANCE —

\$ALT[™]

Money knowledge for college—and beyond.

More than 275
participating schools

Over 1 Million
active members

What questions are you getting from students about student loan debt as they prepare for their career?

What's your approach to facilitating conversations related to debt and career choice?

Have you implemented effective strategies to assist students with the transition from graduation into managing repayment and securing employment?

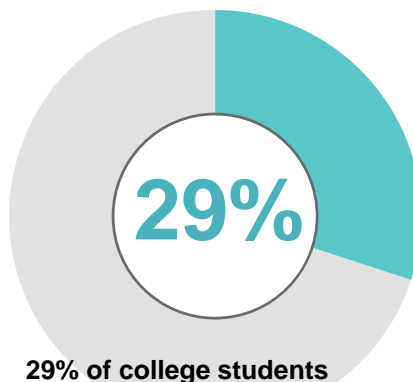
FUELING STUDENT WORRY



“We have more students borrowing larger amounts and getting in trouble sooner than I’ve seen in 10 years in the profession.”⁴

– Assistant Director of Special Programs, Office of Financial Aid

MAKING DIFFERENT CHOICES



29% of college students with loans leave school before degree completion⁵

RISKING FUTURE FINANCIAL SUCCESS

84% higher

College Grad's lifetime earnings

High School Grad's lifetime earnings

Lifetime earnings for people with a bachelor's degree are 84% higher than with a high school degree alone⁶

Impact Of Debt On Life Choices And Life Style

Life Delayed:

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



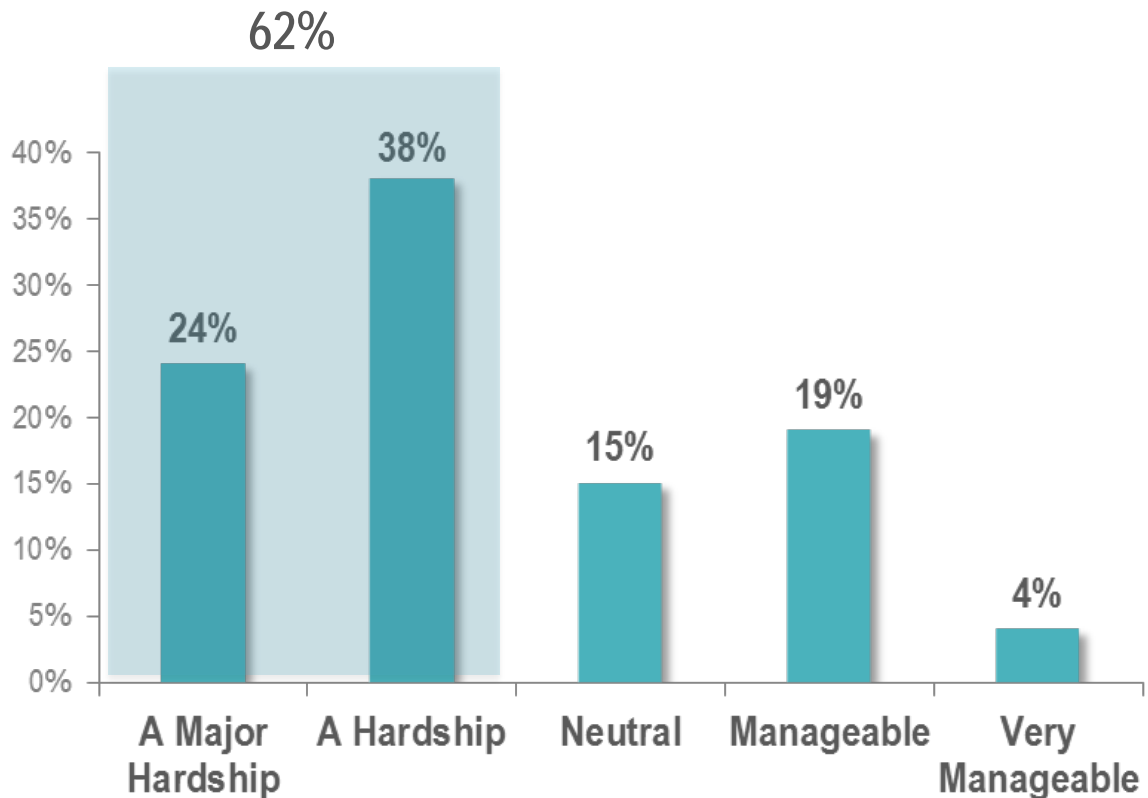
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How does student
debt affect the daily
lives of young
Americans?

A broader reach and expanded number of respondents from 2013 study.

- Nearly 2,000 respondents distributed across the following populations:
 - Community college grads
 - 4 year public and 4 year private grads
 - Graduate students or graduate degree holders and medical/law students or degree holders
- All participants either currently have or had student loan debt.
- All respondents were 15 years or less out from earning their degrees.

Q. Please select the answer that best completes this statement. "When I include my student loan debt, my total household debt is or will be..."



Q. Has your student loan debt negatively affected/impacted your ability to do any of the following?



21% say **yes** it has impaired their ability to **get married**



55% say **yes** it has impaired their ability to **buy a home**

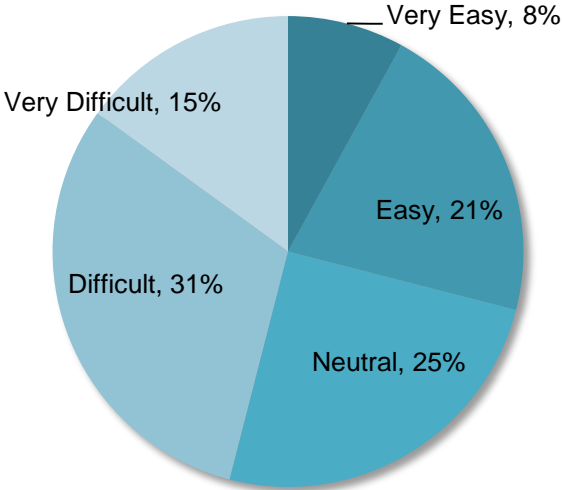


28% say **yes** it has impacted their ability to **start a family**

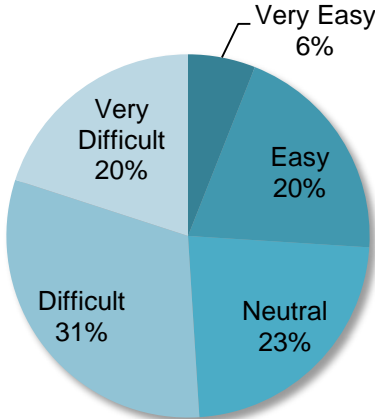


43% say **yes** it has limited their ability to **attend graduate school**

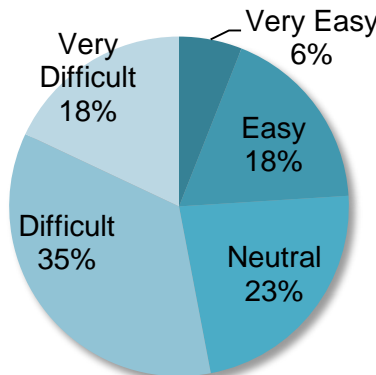
Ease of Repayment



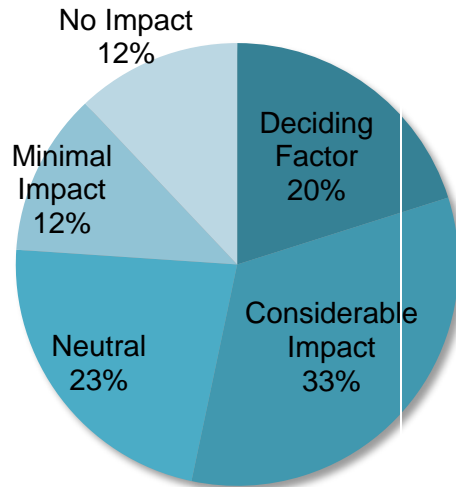
Ease of Repayment for those making less than \$70,000



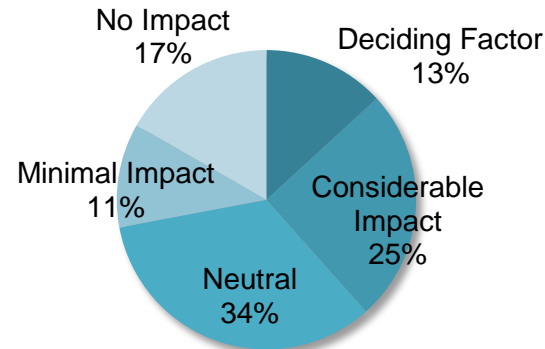
Ease of repayment for those with greater than \$30,000 in student debt



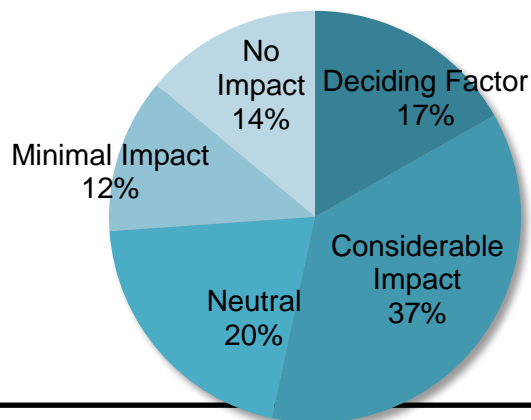
Choice of career field



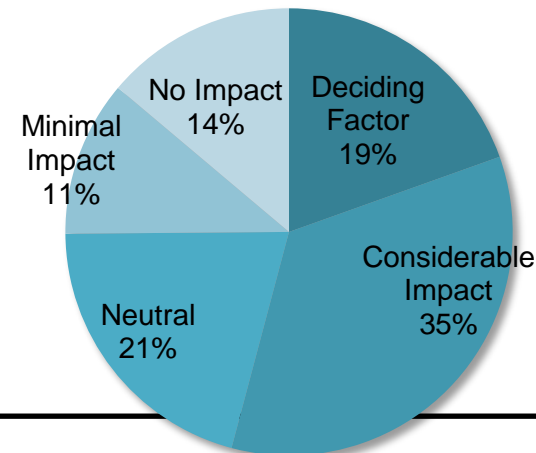
Private sector employment rather than a job in the public sector



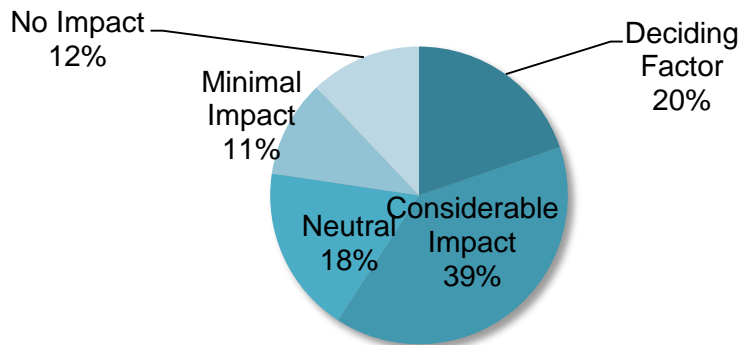
Taking a job outside of your field of study to be able to pay your student loans



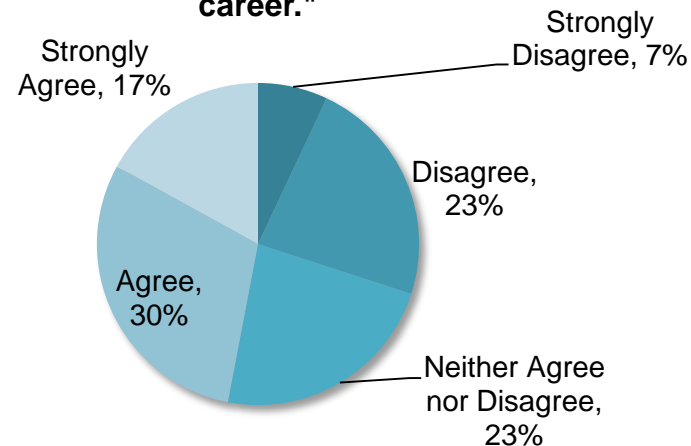
Taking a job you were not interested in, but paid more than one you were interested in



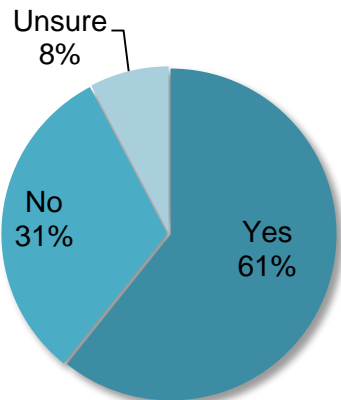
Staying in a job that you were not happy with longer than you wanted in order to pay your loans



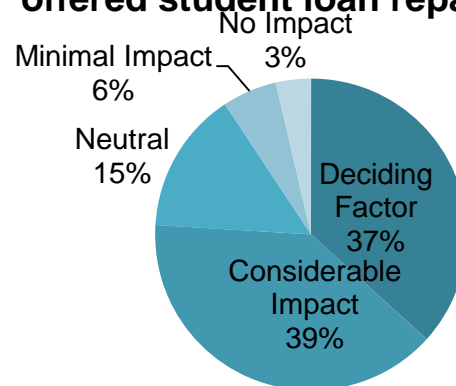
"My need to pay student loan debt is hampering/has hampered my ability to further my career."



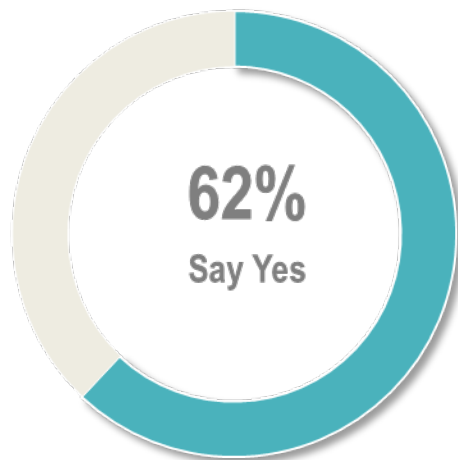
Impact on ability to start a small business



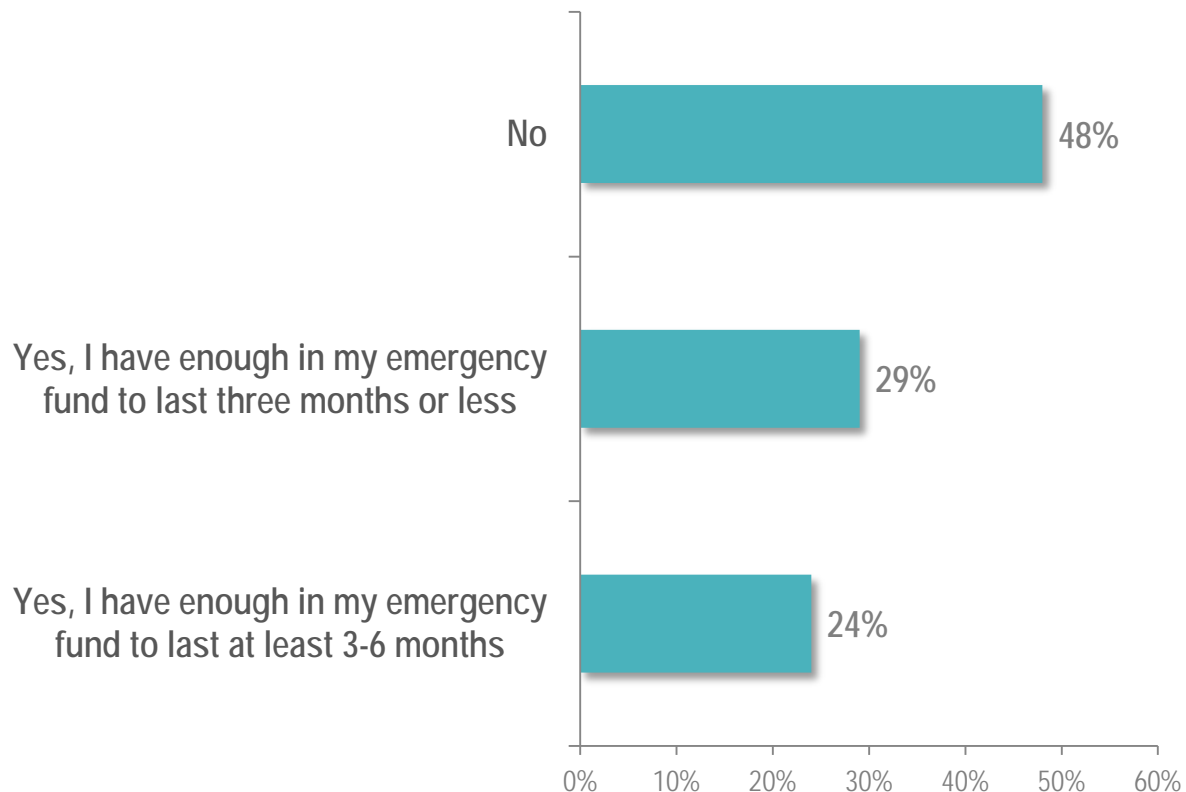
All other things being equal, how much would your decision to take a job be impacted if an employer offered student loan repayment?



Q. Have you put off saving for retirement, or other major investments, because of student loan debt?

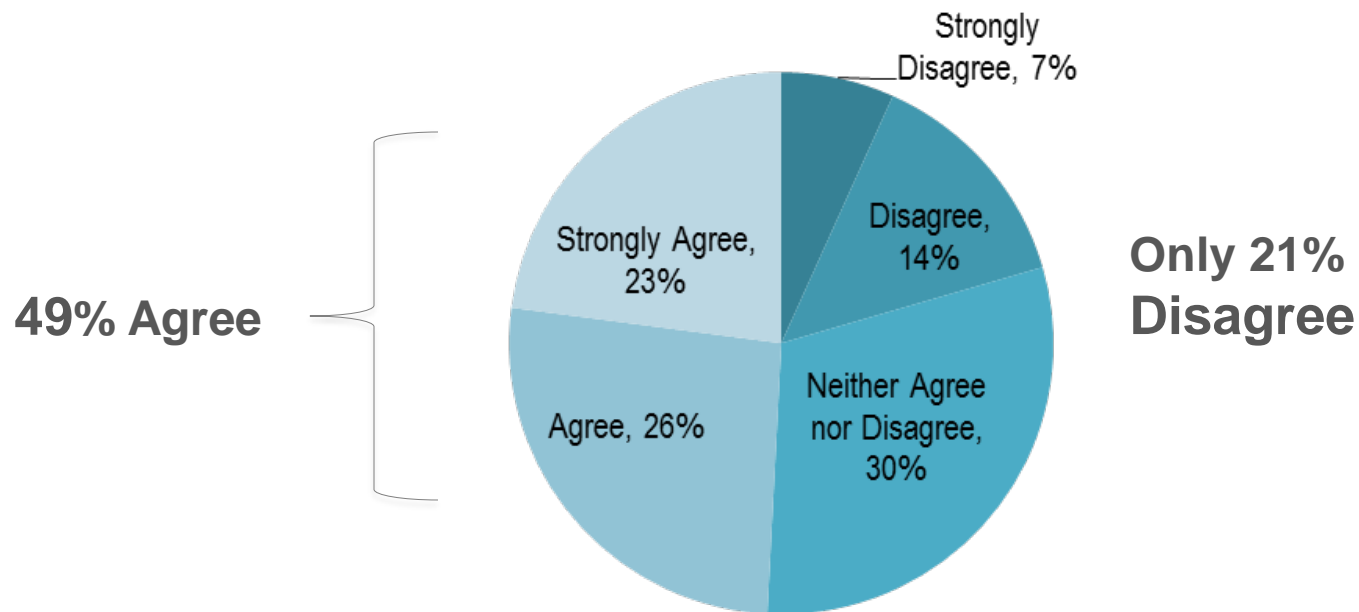


Q. Do you have an emergency fund?

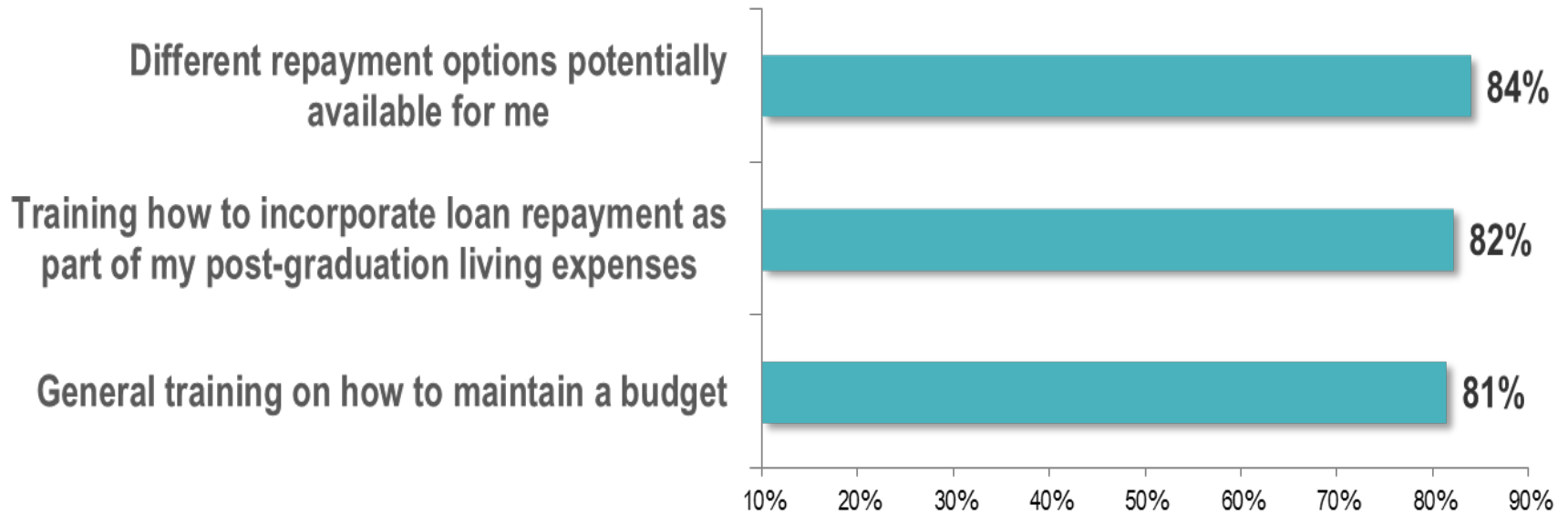


Q. To what extent do you agree or disagree with the following statements when thinking about your alma mater?

My alma mater(s) should play a larger role in helping me manage my student loans.

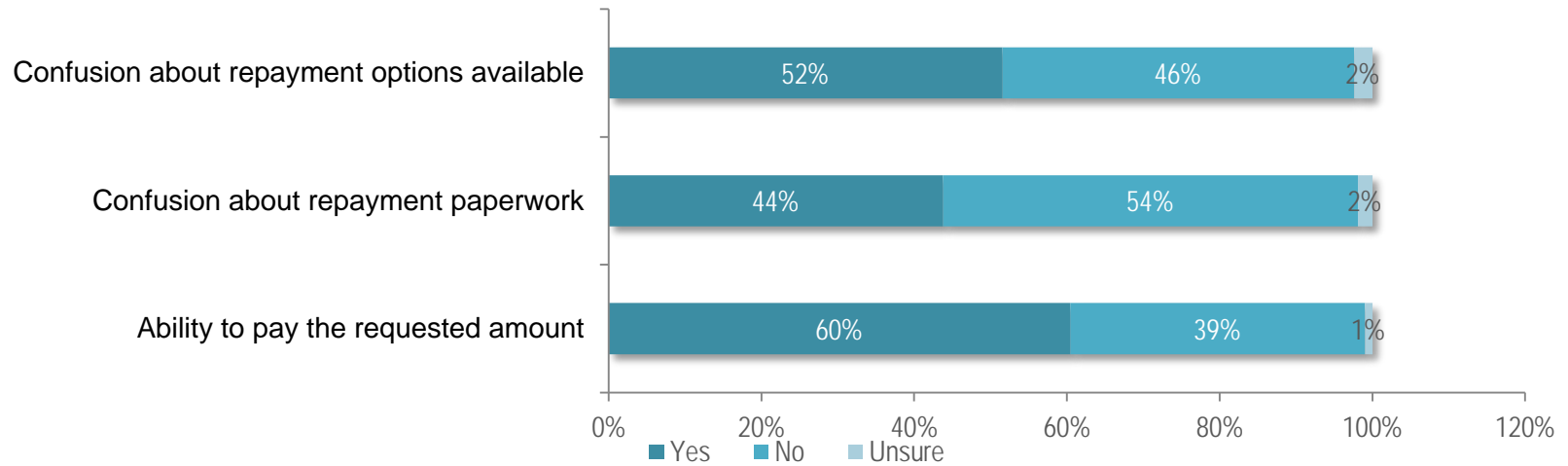


Q. Once out of school, how valuable would/will be the following types of information/resources?



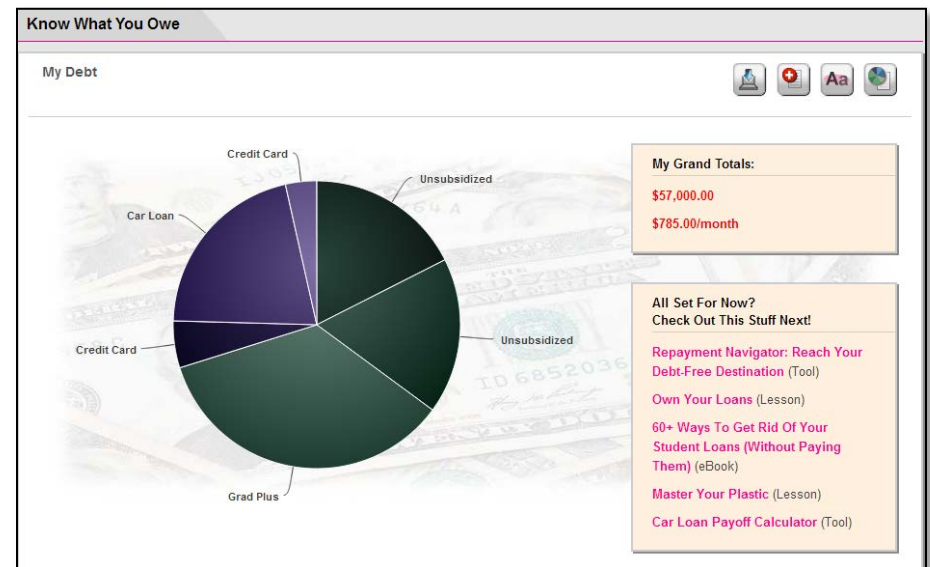
Solutions Moving Forward

Problems with repayment of your loans



Encourage students to track their borrowing while enrolled so there are no surprises upon graduation.

- Keep a folder with financial aid award letters, promissory notes and communications from loan holders.
- Use tracking tools like calculators on saltmoney.org.



- Standard repayment
- Graduated repayment
- Extended repayment
- Income-based repayment
- Pay As You Earn
- Consolidation

Encourage students to take advantage of calculators and resources to better understand repayment options.

The image shows a screenshot of the SALT website interface. On the left, a 'Checkpoint: About Your Loans...' section provides instructions for users to either find their loan data or input it themselves. The 'FIND YOUR LOAN DATA' button is highlighted in pink. Below this, there are input fields for the loan amount and interest rate (6.8%).

On the right, there are several article previews, each with a purple header and a 'Save' button. The articles are:

- Using Income-Based Repayment (IBR) As You Earn**: topic: Paying for College. Both IBR and REPAYE allow you to pay only what you can afford. Monthly payments are based on your income and family size. *6m.* | *Save*
- Using Extended Repayment**: topic: Paying for College. Lowers your payments now —increases them later. *2m.* | *Save*
- Using Graduated Repayment**: topic: Paying for College. Lowers your payments now —increases them later. *2m.* | *Save*

At the bottom left, the SALT logo is displayed, along with the text 'CREATED BY AMERICAN STUDENT ASSISTANCE™'.

- Public Service Loan Forgiveness
- Teacher Loan Forgiveness

- Ask employer
- Check with state

- Peace Corps
- AmeriCorps



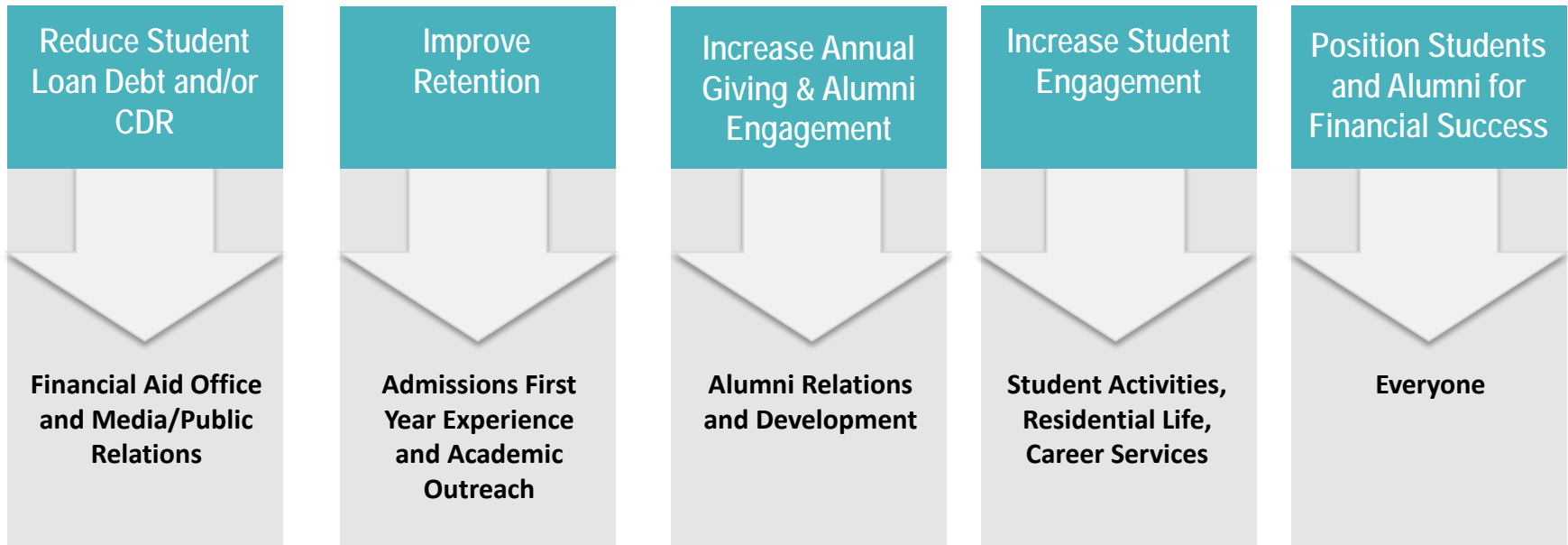
Deferment

- Suspension of payment for a period of time.
- Interest is paid on subsidized portion of loans.
 - In-school (half-time+)
 - Military
 - Unemployment

Forbearance

- Suspension or reduction of payment for a period of time.
- Interest accrues on both subsidized and unsubsidized loans.
 - Illness
 - Economic hardship
 - Disaster

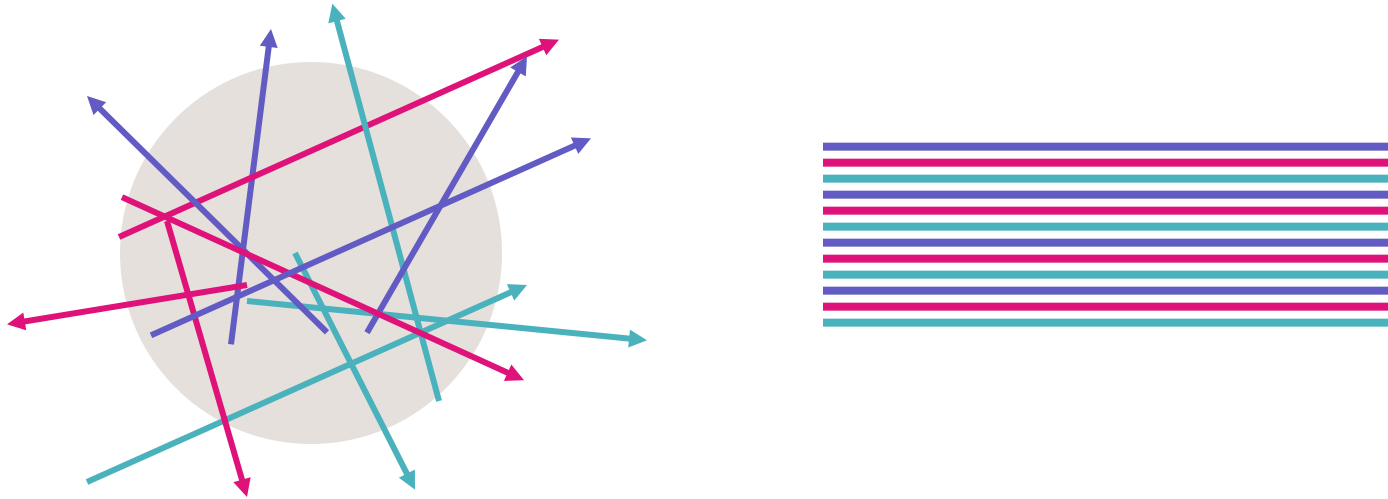
Achieving University Wide Goals



Create your own movement.



- Campus partners
 - Find some champions: staff, faculty, students
- Community resources
 - Local credit unions, banks, insurance professionals, etc.
- National resources
 - Not-for-profit agencies
- Blogs and websites
 - blog.saltmoney.org, saltmoney.org, todayscampus.com, academic-impressions.com



- Is everyone on the same page?
- Have you conveyed the “WIIFM” to each group?

- Short Term
 - Identify three actions you would like to take when you return to campus that will get you started on or expand your financial education program.
- Long Term
 - Consider the ideal state.
 - What resources do you need to make this happen?
 - Who do you need to partner with?
 - What does the roadmap look like?