

# **Help When You Need It: Sources of Advice for Student Loan Borrowers**

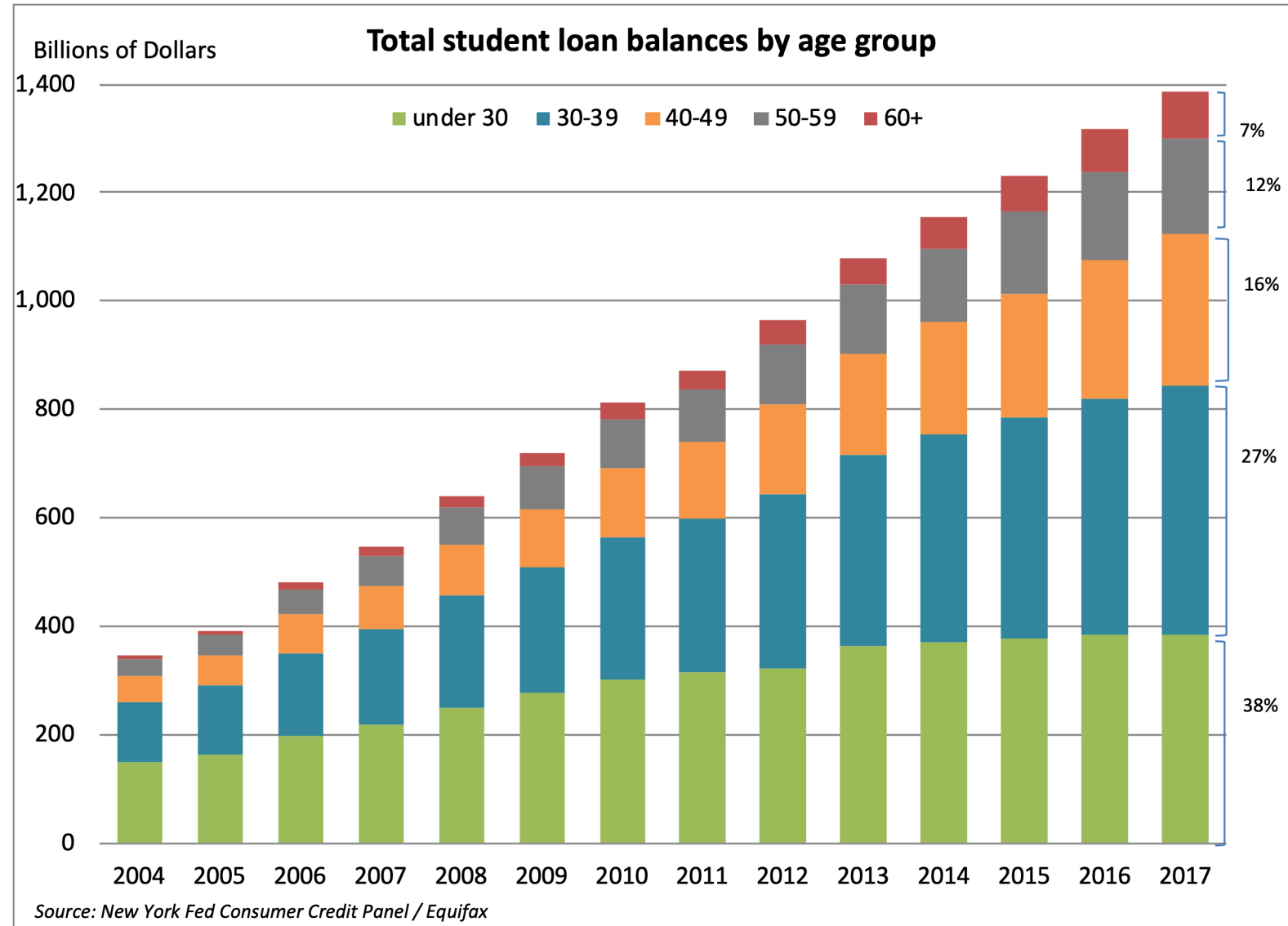
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MIT AgeLab

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# Guiding Questions

- > **Q1:** Do borrowers of different ages experience the repercussions of student loan repayment differently? If so, how?
- > **Q2:** To whom do borrowers turn for advice and support throughout the borrowing process?



# Student Loan Borrowing and Financial Capability

- > Borrowers with the **highest amounts** of debt, **highest rates** of default, and **longest repayment** periods are those most disenfranchised and financially disempowered, including borrowers of color, borrowers with low incomes, and women
- > Most research focused on younger borrowers; need for additional research about borrowers of different ages
- > Financial capability is a cumulative process developed over one's lifetime, rather than during discrete time periods
- > **Question 1:** Do borrowers of different ages experience the repercussions of student loan repayment differently? If so, how?



# Advice and Support Seeking Behaviors of Borrowers

- > Financial advice seeking x financial literacy
- > Increased calls to action within the financial services industry and higher education financial aid community to provide advice and counseling to student loan borrowers
- > How do/can social workers fit into the picture?
- > **Question 2:** To whom do borrowers turn for advice and support throughout the borrowing process?



# Methods

- Online Qualtrics Panel survey (February 2019-April 2019)
- Participants
  - › 25-75 years old
  - › Loans for non-profit institutions (private and public)
  - › 6-year degree completion

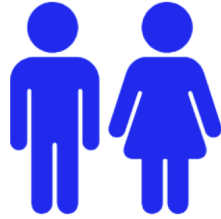
	<b>Pilot Phase</b> <i>Feb. 2018</i>	<b>Questionnaire + Focus Groups</b> <i>Feb.-Sept. 2018</i>		<b>National Survey</b> <i>Feb.-April 2019</i>
<b>Age category</b>	Pilot Groups	Higher Debt-to-Income Ratio	Lower Debt-to-Income Ratio	
<b>25 to 35 year olds</b>	Group P1	Group 1 + Group 2	Group 3 + Group 4	
<b>36 to 50 year olds</b>	Group P2	Group 5 + Group 6	Group 7 + Group 8	
<b>51 to 75 year olds</b>	Group P3	Group 9, 10, 11	Group 12, 13, 14	
<b>Total cases</b>	18 participants	88 participants		1,874 participants

# Sample Characteristics (n=1,874)



## Age

51-75 years old  
(44.3%)



## Gender

Female  
(60.7%)



## Race

77.2%  
White



## Income

45.4%  
\$50k-  
\$99,999



**Degree for which loan  
payments are made:**  
46.8% Undergrad only



**Current student loan  
debt balance:**  
40.4% \$24,999 or less



**Person for whom  
payments are made**  
33.1% Themselves only




# Results

- > Overall, student loans had most often imposed **no effects or negative effects**
- > Across ages, more negative effects on **financial wellbeing; housing and transportation**
- > Across ages, slightly more positive effects of loans within the domain of **career and education**; no effects within the domains of **family and relationships and health**.
- > 25-35 year olds: **more** negative effects of loans
- > 51-75 year olds: **less** negative effects of loans





# Loan effects across age groups

Loans had imposed purely negative effects on...	(Housing and Transportation)	(Family and Relationships)	(Career and education)	(Health)		(Financial Wellbeing)	
	Ability to purchase/rent a home	Romantic relationships	Your career/work	Physical health	Mental health	Amount you contribute to retirement	Contributions to college costs of family members
 25-35	50.9%	22.5%	23.4%	27.1%	49.4%	66.1%	70.5%
 36-50	34.5%	16.2%	16.25%	21.2%	40.4%	69.8%	69.8%
 51-75	23.7%	10.9%	10.7%	16.2%	27.6%	63.4%	63.4%



# Sources of advice, perceived levels of helpfulness + comfort

- > Across all ages, at least 50% of respondents **had not consulted with anyone** about student loan repayment, including family members, financial advisors or other investment professionals, the human resources department at their workplace, or their college financial aid office.
- > However, those who did consult any of the aforementioned services were more likely than not to report the act of seeking consultation as helpful for them
- > Older borrowers **were less likely** than younger borrowers to consult with anyone about student loan repayment
- > The most **commonly-utilized source** of consultation among borrowers in any age group was the **Internet** and the least commonly-utilized source of consultation was workplace human resource departments.
- > Across sources of advice, **financial advisors** scored among the **highest for comfort** across all ages and **workplace human resources departments** scored among the **lowest** for comfort.

# Discussion

- > **Unique and overlapping loan impacts** across age groups
- > **Financial capability** evolves as a **lifelong process**, not during a discreet time period: The effects imposed by student loan repayment earlier in one's lifetime (positive, negative, or a combination of both) can have a domino or spillover effect later in one's life and across generations
- > Loan impacts point to a **need for early financial advice and education** as early as possible in the higher education financing process
- > **Low levels of advice solicitation**: possible emotional, material, technological reasons
- > **Financial social workers** are uniquely positioned to serve as sources of advice for student loan borrowers of all ages- to provide advice, education/financial literacy training, counseling, and advocacy

# Limitations and Future Areas of Research

## > Limitations

- › Small sample size
- › Self-report

## > Future Areas of Research

- › Additional and intersectional experiences
- › More nuanced aspects of advice-seeking behaviors
- › Specific social work interventions with borrowers

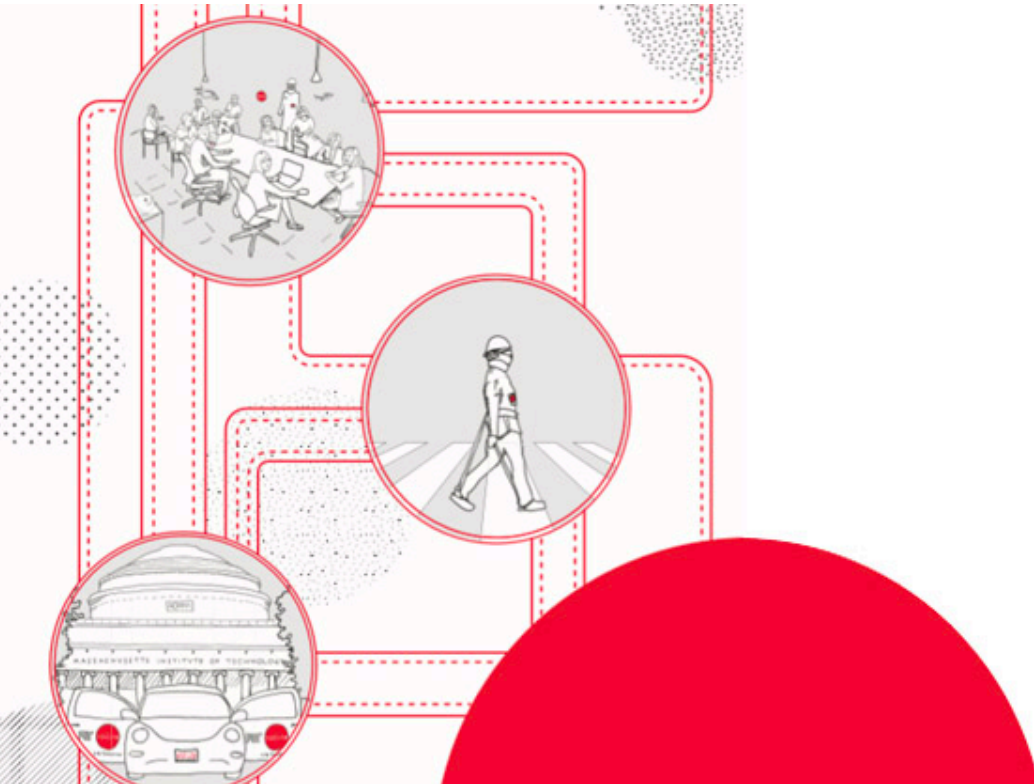


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# Conclusion

- > Thank you!
- > [agelab.mit.edu](http://agelab.mit.edu)
- > Contact Julie Miller: [jmiller1@mit.edu](mailto:jmiller1@mit.edu)



Sources of Advice	Have you consulted and comfort level by source of advice	Percent by age of borrower - have you consulted?		
		25-35	35-50	50-75
A Family Member	Have consulted, found helpful	33.2%	17.8%	10.3%
	Have consulted, did not find helpful	14.6%	13.2%	6.4%
	Have not consulted	52.2%	69.0%	83.3%
	Total N	431	551	715
Mother	Mean of level of comfort (N)	.62 (458)	.55 (458)	.49 (249)
Father		.59 (384)	.51 (391)	.49 (181)
Spouse/Partner		.54 (956)	.79 (369)	.76 (484)
Child(ren)		.47 (159)	.58 (374)	.67 (600)
Financial advisor or other investment professional	Have consulted, found helpful	14.2%	12.1%	12.7%
	Have consulted, did not find helpful	6.7%	7.9%	6.2%
	Have not consulted	79.1%	80.0%	81.1%
	Total N	430	555	714
	Mean level of comfort (N)	.65 (347)	.68 (442)	.68 (490)
Human resources department at my workplace	Have consulted, found helpful	6.3%	3.8%	2.0%
	Have consulted, did not find helpful	4.2%	6.1%	2.9%
	Have not consulted	89.5%	90.1%	95.1%
	Total N	431	554	715
	Mean level of comfort (N)	.39 (327)	.42 (401)	.36 (298)
Internet search	Have consulted, found helpful	40.3%	26.7%	20.6%
	Have consulted, did not find helpful	14.9%	17.8%	13.0%
	Have not consulted	44.8%	55.5%	66.4%
	Total N	429	551	714
	Mean level of comfort (N)	-	-	-