

A Window into Repayment Challenges:

Which borrowers experience student loan default and why

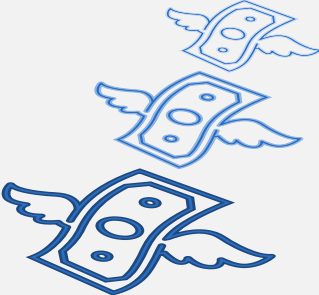
Phil Oliff

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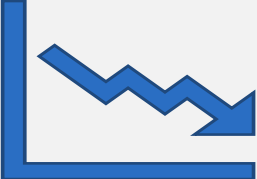
Pew

Consequences of Federal Student Loan Default

Borrowers with a defaulted loan may face several consequences simultaneously



Involuntary payments



Notation on credit



Collection fees



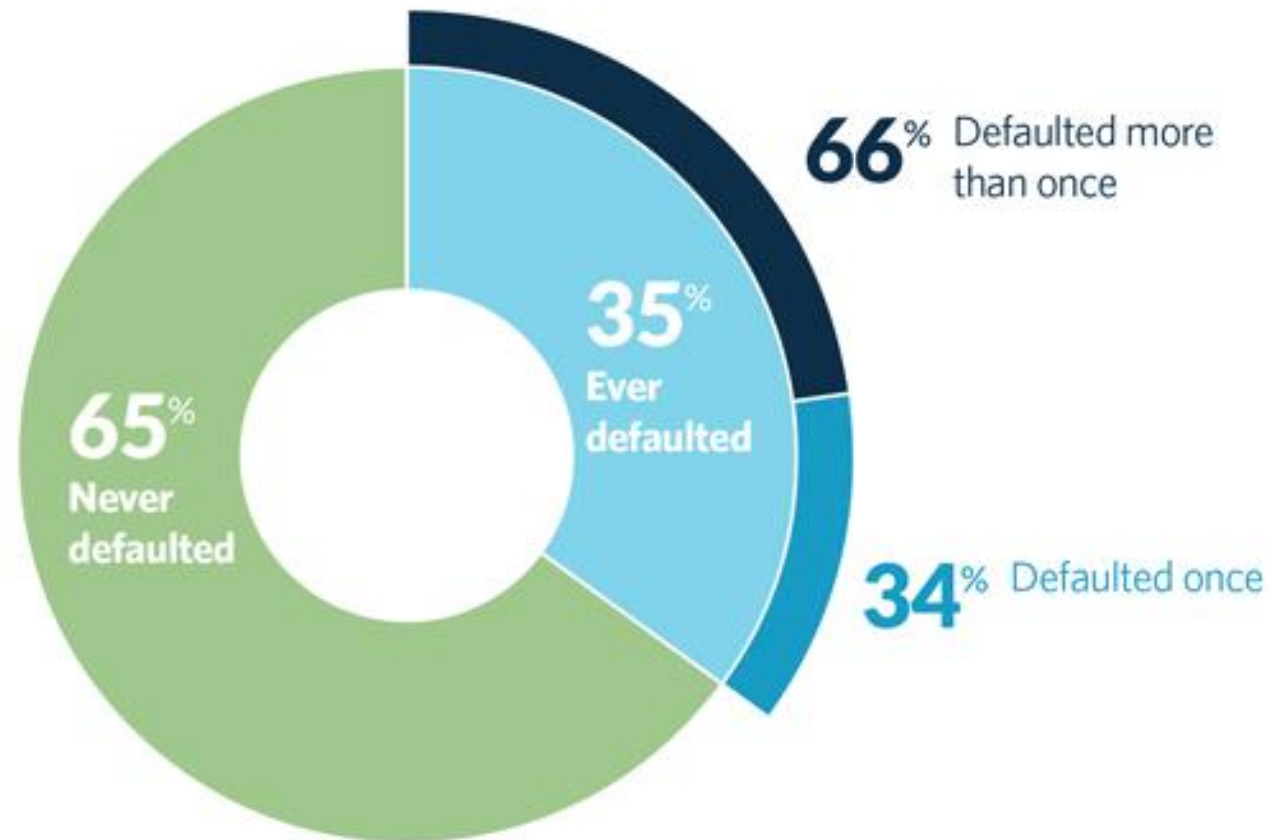
Ineligibility for more aid

— Agenda

- How widespread is default/redefault?
- Which borrowers have seen the highest rates of default?
- Why do borrowers experience default?
- How do borrowers who see their loans default experience the repayment system?

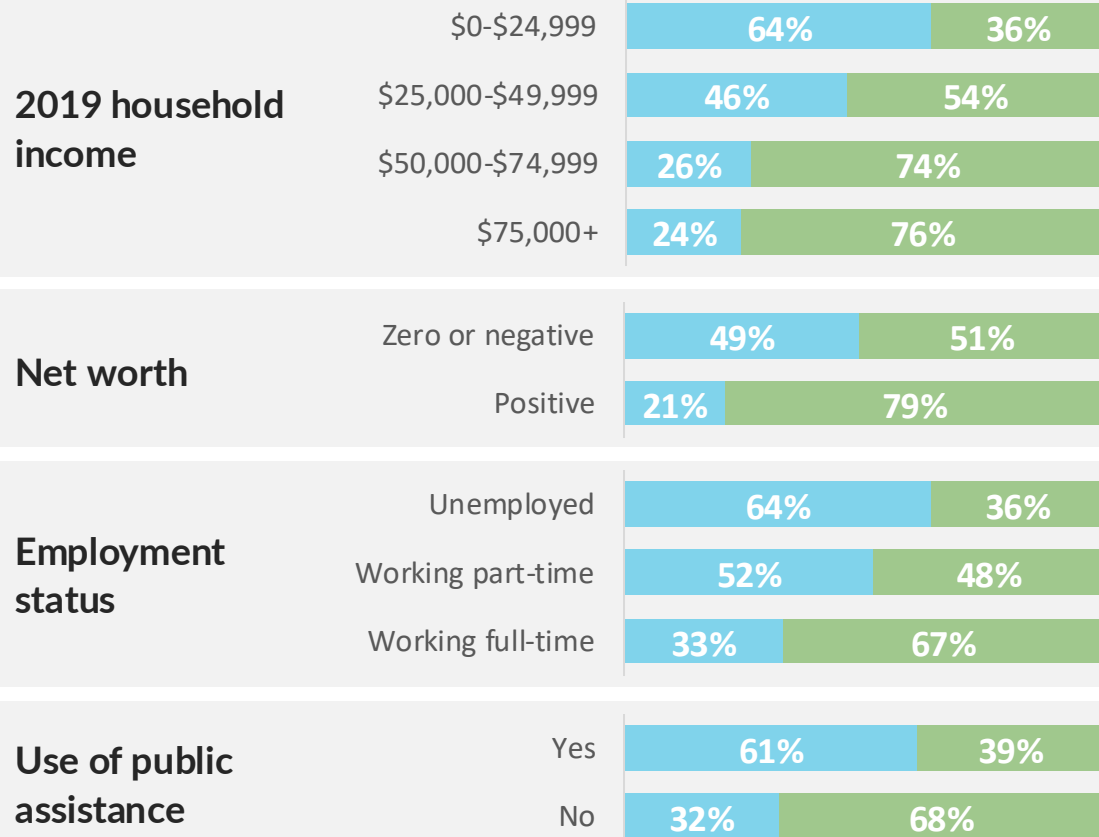
How Prevalent is Federal Student Loan Default?

Pew survey finds nearly 2/3rds of borrowers with default experience have defaulted multiple times

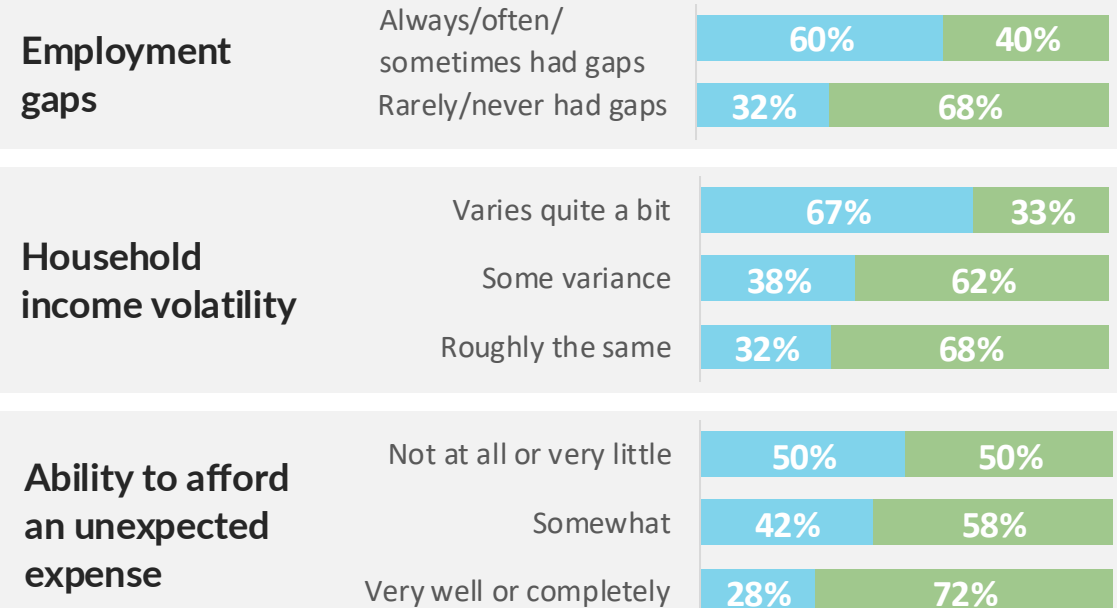


Default Disproportionately Impacts the Financially Vulnerable

Financial Status

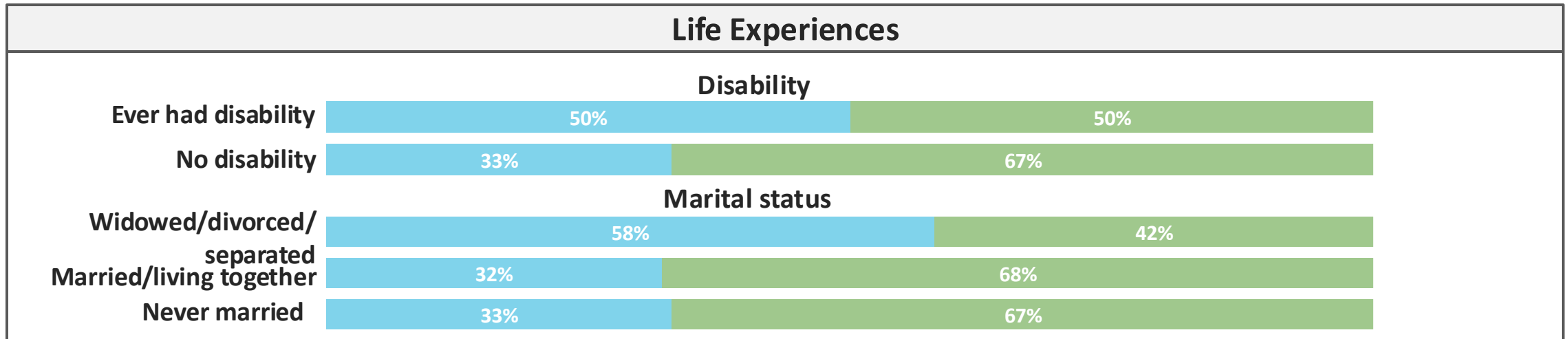
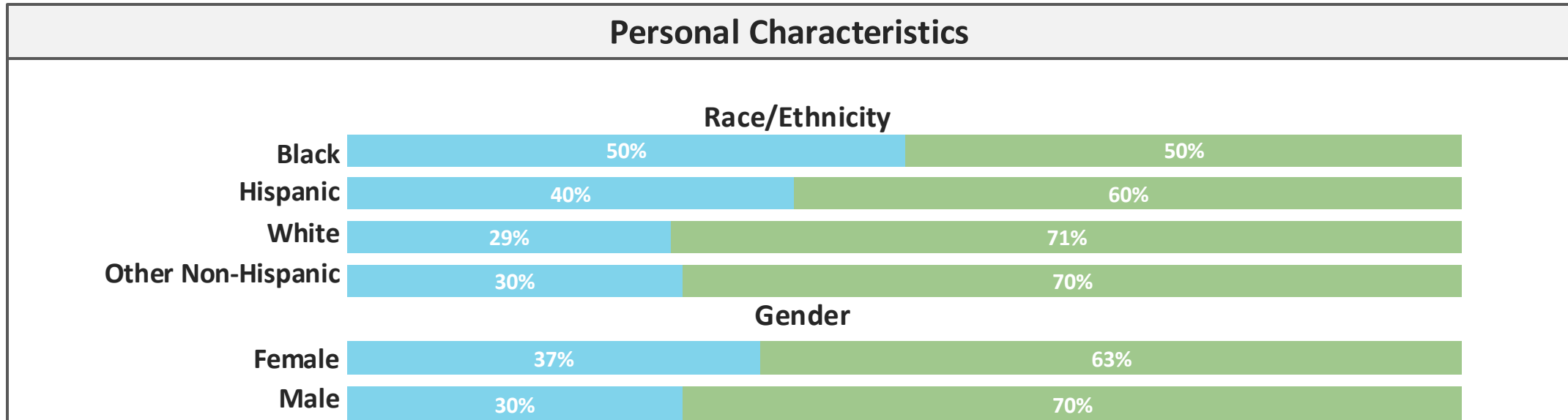
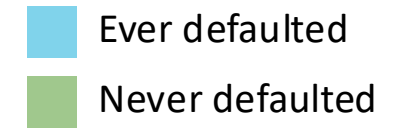


Financial Disruptions

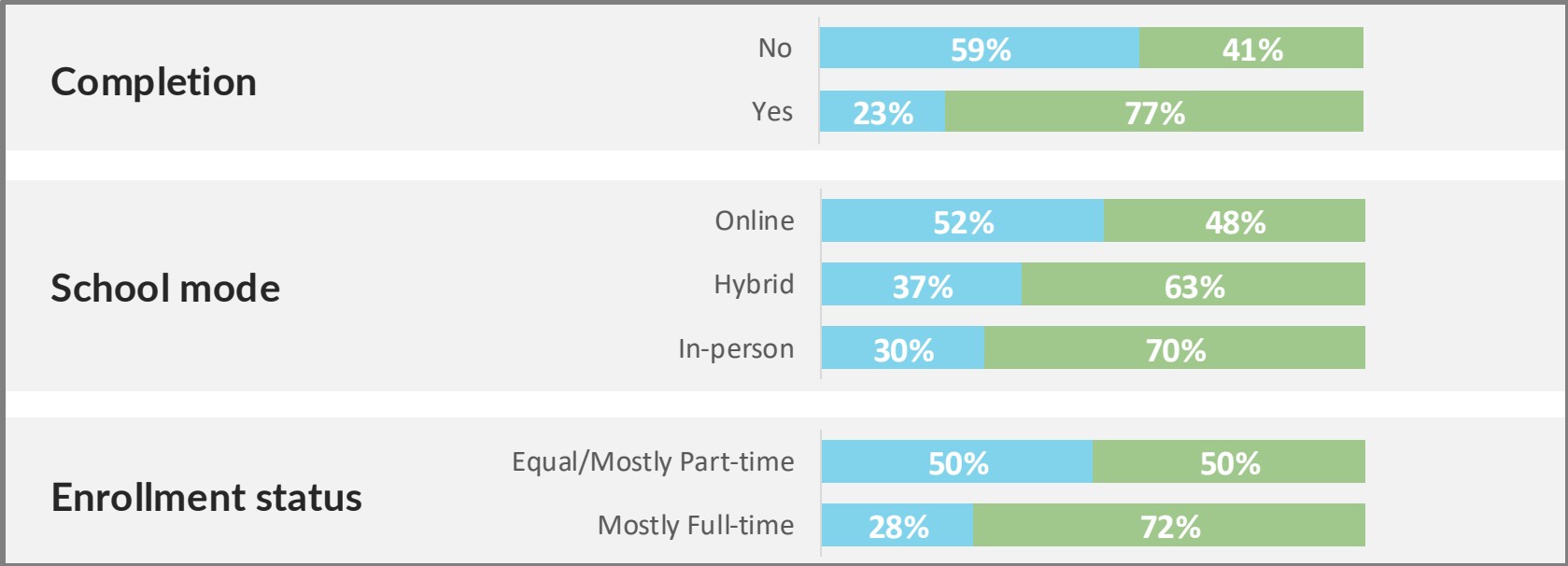


■ Ever Defaulted
 ■ Never Defaulted

Default Disproportionately Impacts Certain Demographic Groups



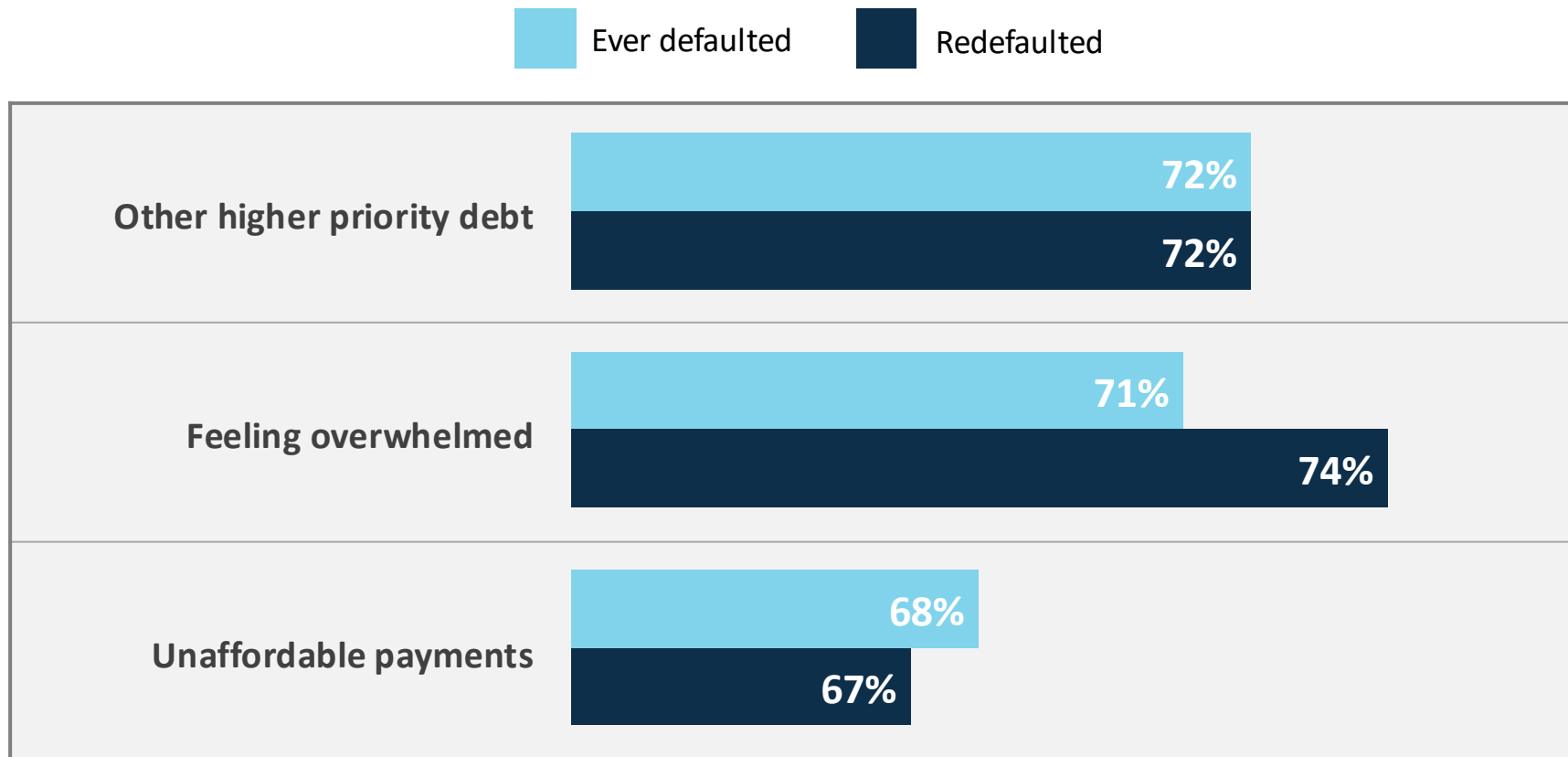
Certain Educational Experiences Are Linked to Default



Ever Defaulted Never Defaulted

Most Borrowers Gave the Same Three Reasons for Re/Default

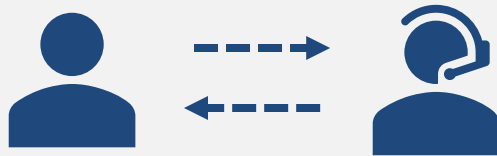
Top Three Reasons Borrowers Cited For Defaulted/Redefaulted Loans
(not mutually exclusive)



Basic Communication Barriers Exist for Struggling Borrowers

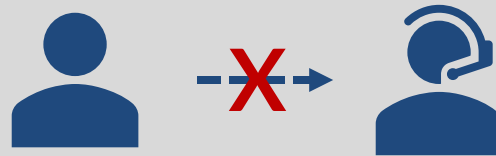
■ Ever Defaulted ■ Never Defaulted

About **three-quarters** of borrowers who eventually experience default said they **have ever communicated with their servicer** prior to default.



74% | 61%

However, these borrowers are **much less likely** to say they are typically the ones doing the **outreach to their servicer**.*



35% | 65%

In fact, **nearly half** of these borrowers report **not knowing how to contact their servicer** prior to experiencing default.



48% | 25%

*Of those who ever communicated with their servicer

— **Contact Info**

Feel free to reach out!

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