

Student Loans Are Delaying Major Life Milestones

by Annie Margarita Yang

According to the most recent data, the class of 2015 graduated with, on average, \$35,000 student loan debt per person. This class is the most indebted class so far. It is twice the amount that borrowers had to pay back in the 1990s. Not only is the dollar amount per student rising, the percentage of students taking out loans has increased too. Compared against students in the 1990s, 71% of students graduate with loans today, while less than 50% graduated with loans back then.

For the total national student loan debt the amount stands at \$1.3 trillion. "In 2010 student debt exceeded credit-card debt for the first time. In 2011 it surpassed auto loans." This amount is held by a total of 40 million Americans. "The population with student loans is actually greater than the entire population of Canada, Poland, North Korea, Australia and more than 200 other countries. It's also about four times greater than the population of Sweden." This shows how immense the amount of people with a student loan is in America.

So, student loans have become very common in today's society. Student loans have a trend in delaying major life milestones because the people owing money are in their early 20s and just getting started in their careers and in making money. But because they have to owe so much money at such a young age, they are delaying life's major milestones. In this blog post, I want to examine the social impacts that student loans have on people's lives. The impacts are real and I am sure that some of you can relate to what's being said.

According to Dr. G. Mustafa Mohatarem, the chief economist for General Motors, student loan debt is the major reason why Millennials are not purchasing cars. The impact is huge - with a loss of \$6 billion in automotive sales each year because people need to pay back their loans and don't have much left over for a car.

Homeownership among American adults under the age of 35 is decreasing. According to the Census Bureau, homeownership plummeted from 43% in 2005 to 34% in 2015. Twenty-three percent of first time buyers have difficulty saving up for a down payment. More than half cite student loans as being the main reason. Also, mortgage lenders look at the potential borrower's other financial obligations. When lenders see student loans, they aren't willing to give a mortgage that's too high. Either the borrower needs to look for a cheaper house or not buy one at all.

One-third of Millennials today have two roommates: their names are mom and dad. According to Pew Research, this is a new record of young adults living with their parents since 1940 (period following the

Great Depression). A vast majority living with parents (78%) is in no rush to leave, being satisfied with their living arrangements. They say they currently have no money to lead the kind of life they want, but at the same time are upbeat about their future finances. This phenomenon is correlated to delayed marriages.

The median age for first marriage is now 27 among women and 29 among men, compared to 20 years old among women and 23 years old among men in 1960. The situation isn't directly correlated to student loans, like "Oh you have \$100,000 in debt, so I'm not going to marry you." Instead, people in their 20's are working lower-paying jobs, therefore working longer hours and not having time to date. They don't have much money left over at the end of the month to treat someone out. And also, marriage itself is expensive as well.

People who have student loans also delay starting families, because they are not financially ready and responsible yet. More women are deciding to delay their first childbirth, with the median age now standing at age 26. In general, the birth rate among women between age 20 and 29 is at an all-time low, according to the Center for Disease Control.

Because of student loan debt, young people are cautious and suspend the idea of starting a business. The primary business of America is entrepreneurship. Small businesses provide 60% of jobs in our economy. But with debt, young people are facing financial obstacles that hinder making any new investments, including starting a business.

Student loans are costing Americans their retirement. People are struggling trying to keep a roof over their heads, let alone save for retirement. A \$35,000 student loan is costing \$700,000 in lost retirement investment savings over a 50-year period. With compound interest, a small amount of savings invested early can grow to be a huge sum.

Also, there is a small (4%) but growing group of seniors who owe federal student loans. This used to be unheard of. Because student loans cannot be discharged in bankruptcy, they follow you for life. The government is starting to cut social security payments by 10% to those who owe. This proves that paying back student loans is unavoidable. Even if you are in old age and have Alzheimer's disease and can't even remember you have student loans, the government will go so far as to decrease your social security check (which is the only form of income for most retirees) to have your student loans paid off.

The group most burdened by student loans is college dropouts. College dropouts comprise 69% of those who owe less than \$10,000. Though this is a small amount compared to those who finish, they are the least likely to repay their loans because they cannot get a high paying job without a degree. They also feel ripped off and don't think they should pay it back. This problem could follow them for life - student loans cannot be discharged in bankruptcy.

I hope after reading this, you'll take all this into consideration before taking out a student loan. Or if

you really do need a loan, please go to a school with a cheaper tuition. The less student loans you owe, the faster you can ahead in your life - not just financially, but also in relationships. Like I said, people are delaying marriages and starting families over this. If you owe any student loans, I highly encourage you to pay it off as soon as possible.

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