



Older Borrowers Default on Student Loans

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Millions of borrowers are defaulting on their student loans, and they are nearly 40 years old on average.

That is nearly 2½ years older than the profile of a student-loan defaulter before the pandemic, according to Federal Reserve Bank of New York research published Tuesday. Borrowers 50 and older are now at higher risk of default than younger borrowers.

Since a pandemic-era pause on student-loan repayments ended in 2023, the federal government has been pushing people to start repaying their loans. In the fourth quarter of last year, those who failed to restart payments began defaulting, meaning they hit 270 days past due on their payments. The New York Fed estimated that more than 3.5 million people defaulted between October and March.

The Fed report offered a look at who is defaulting:

Most recently, the share of student-loan balances past due increased to just over 10%, nearing prepandemic levels.

The average borrower in default is more likely to live in the South, though borrowers are defaulting across the country.

Most of the newly defaulted borrowers weren't past due on their student loans before the pandemic.

Borrowers who have defaulted on their student loans are struggling to make other debt payments, too. Nearly 40% of those with auto loans are past due, 56% with at least one credit card are past due and 20% with a mortgage are past due. Loan delinquencies have been broadly trending higher.

Note

Some of these borrowers are likely parents who borrowed on behalf of their children, New York Fed researchers said.

Gen X borrowers, including those age 50 to 61, have the highest average student-loan balance of any age group. Many of them either reached college age as the modern federal student-loan system was forming or borrowed later, likely on behalf of their children.

The Trump administration has been revamping the federal student-loan system, emphasizing repayment. It is a reversal from the Biden administration, which pushed policies to reduce monthly payments for borrowers and get them closer to studentloan forgiveness.

The biggest consequence for defaulted borrowers is that they could have their wages, tax returns and Social Security garnished. But the Education Department has delayed its garnishment plans.

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