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Robert Lee, 71, estimates he has paid \$91,000 but still owes \$51,000.



Sharon Durkee, in graduation cap, needs part-time jobs to chip away at a \$101,000 loan balance. BRIAN W. FRASER FOR WSJ

Old School Debt Keeps Seniors From Retiring

BY OYIN ADEDOYIN

Chris and Carolyn McAuliffe are in their 60s but don't expect to retire anytime soon. They're still paying off their student-loan debt, which has ballooned to a half-million dollars.

"I regret going to college," said Chris, an engineer for a health insurance company.

When they earned their graduate degrees decades ago, the couple owed a combined \$114,000 in student loans. With stable careers—Carolyn in nursing—they stayed on top of their monthly payments. Then they bought a house and had two children and money got tight, so they consolidated their loans and opted for a payment plan that lowered their monthly bill.

That extended the life of their loan, and compounding interest charges kept pushing up their balance.

Student loans are increasingly following Americans into their 60s and rewriting what they believed would be their

retirement years. More than three million people 62 and older owe federal student loans, up from 1.8 million in 2018, according to Education Department data. Delinquency rates among older borrowers have skyrocketed too, in some cases because they are on fixed incomes or have medical expenses.

Those who fall into default risk having their Social Security benefits, tax refunds and wages garnished.

Baby boomers with federal student loans owe an average of about \$45,000, more than three times that of borrowers 24 years old and younger, who owe about \$13,800 on average.

Like the McAuliffes, many older Americans with student debt borrowed for graduate degrees. Others took out Parent Plus loans on behalf of their children, which tend to come with a higher interest rate and fewer repayment options. Even for those who make regular payments, balances can grow because of interest charges.

"It is very typical for us to see a borrower whose balance has probably doubled if not more since when the loan went into repayment," said Lindsay Clark, chief borrower advocate at Savi, which partners with companies to offer studentloan benefits to employees.

Starting in July, the McAuliffes are facing a bill of around \$3,000 a month, triple what their payments were before the pandemic, Chris said.

Many are in a similar situation because of the Trump administration's overhaul of federal student loans, which goes into effect July 1. The changes include repayment plans that could push up monthly bills and require more payments before debt can be discharged.

Other changes could help keep balances from growing over time. One plan, for instance, waives unpaid interest if monthly minimum payments aren't high enough to cover it. Parents will also only be able to borrow as much as \$20,000 a year per student, instead of the full cost of their children's college education.

Robert Lee and his wife, Judi, live on the top floor of their 46-year-old son's home in Auburn, Maine, in part so they can pay off the loans they took out for their two children. In 1997, Robert borrowed \$66,000 in Parent Plus loans when the children were in college. Their son is now a lawyer and their daughter has her own business.

"They've done well," Robert, 71, said of his children. "I'm still footing this bill."

Robert considers the loans his responsibility, since it was his decision to take them out. His monthly payments are now about \$300. He estimated he has already paid \$91,000 toward the loans, but still owes \$51,000. He was told the debt would be cleared in 2034, but lives on a fixed income and worries about unexpected medical bills he might incur.

"I feel like Jimmy Stewart in the movie 'It's a Wonderful Life.' I'm worth more dead than I am alive," Robert said.

Some older borrowers are mobilizing online in hopes of having their debts wiped out.

One Facebook Group called the Fifty includes 50 borrowers who are around 50 years old or older from all over the country. Their goal is to get their loan balances cleared by the government, and have been sending a proposal filled with their personal stories to government officials, including President Trump.

"We hate the word 'forgiveness,'" said Amy Coryer Miller, a 59-year-old lawyer in Texas who created the group and owes more than \$100,000 in student loans. "Most of us have already paid two to three times the original loan amount."

Sharon Durkee, 72, imagined she'd be traveling to Germany and Sweden to visit her relatives during her retirement. Instead, she has been applying for part-time jobs to chip away at her \$101,000 stu--dent-loan balance, which she juggles on top of her mortgage payments and other costs.

"I owe more in student debt than I owe on my house," said Durkee, a resident of Medford, N.J., who has a master's degree in social work.

Durkee's main income source is a pension from her past job and Social Security. She also works part time with a government agency providing therapy services for children, but the work isn't steady, especially during the summer when school is out.

She thinks that her age is part of the reason she hasn't heard back from any of the jobs she applied for.

She was in the SAVE repayment plan, which capped her payments at about \$100 a month, but that plan was terminated by a federal court order in March. She anticipated that she will have to make higher monthly payments starting in July, when new plans become available. One student-loan calculator estimated monthly payments could be \$900. Even after

finally paying off a debt, some older borrowers find themselves trying to catch up financially. Susan Shannon, a resident of Orcas Island, Wash., took out student loans in her 50s when she decided to make a career change.

She had been working for the post office when an arm injury made it difficult for her to deliver mail. So she decided to become a chaplain, inspired by a friend who had made a similar career pivot, and earned a master's degree in 2012.

"It was great to go back to school," said Shannon, now 69. "I've always been a lifetime learner."

In February, she got tired of watching her student-loan balance grow and decided to use more than half of her savings to pay off the remaining \$37,000 balance. Being debt free means that she'll have to work longer to rebuild her savings, but she's optimistic.

"I can probably make back most of this money by the time I'm 75," she said.

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