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JOSEPH BUI FOR WSJ Martha, Stephen and Steve Gonzalez in their home in Houston.

Disability Ended Son's Career, Left Retirees With School Loans

Parents ineligible for aid, take loans on behalf of children, pay them back while on Social Security

BY OYIN ADEDOYIN

Steve and Martha Gonzalez wanted their son, Stephen, to be able to go to carpentry school without worrying about how to pay for it. The student loans they shouldered on his behalf followed them long after his carpentry career ended.

The Gonzalezes took out $32,000 in Parent Plus federal student loans, and Stephen completed the nine-month carpentry program. Years later, he got in an early-morning car accident on his way to work. Though he survived, permanent injuries to his legs prevented him from working.

All of their lives changed, but the loans didn't. The debt remains a burden to the Gonzalezes, a reminder of the sometimes-debilitating financial effects the popular student loan program can have on parents.

"It's a zombie loan that should be dead, but it continues to stalk my wife and I every month demanding to be paid," said Steve, who lives in Houston.

Parent Plus loans were meant as a way for parents to financially support their children's education, and in 1992 Congress expanded the program to cover as much as the full cost of a child's college education. Such loans can also cover trade schools.

Many families have found that the loans burden them with hefty payments at the tail end of their careers. Millions of people well into retirement age still owe on student loans, and retirees who default can have Social Security benefits withheld.

Note

"If you're a young borrower, you're putting off starting a family, you're putting off marriage, you're putting off buying a house or a car," said Under Secretary of Education Nicholas Kent. "If you're an older American and you have a Parent Plus loan, you're putting off retirement."

Note

The program has been targeted in the Trump administration's overhaul of the federal student lending apparatus. Since last month, new parent borrowers have been limited to $20,000 a year per student and a lifetime aggregate maximum of $65,000. New loans also no longer qualify for repayment plans determined by how much money the parents make.

Note

Parent Plus loans had been growing in size. They made up more than a quarter of federal lending for undergraduates in the 2024-25 school year, up from about 17% a decade earlier, according to calculations by Kristin Blagg, principal research associate at the Urban Institute.

More than three million people with Parent Plus loans owe a combined $118 billion, up from $62 billion in 2014, according to the Education Department.

Parents who take out loans for their children often make too much to qualify for full financial aid but not enough to pay the full price out of pocket. In other words, they are the "forgotten middle."

Parents earning between $100,000 and $150,000 a year made up nearly a quarter of Parent Plus borrowers, more than any other income group, according to an analysis by the National Association of Student Financial Aid Administrators for the 2019-20 academic school year, the most recent available.

Lower-income families have also used the program extensively. The loans often come with higher interest rates than those taken out by undergraduates.

For the parents who currently have loans on behalf of their children, the federal overhaul doesn't do much to address repayment concerns, higher-education researchers say.

Steve considered his family to be upper-middle class, but he and Martha hadn't set aside a college fund for their children. Their older child, Mary Esther, didn't go to college. When Stephen expressed interest in carpentry after taking a boat-making course as a teenager, a trade school counselor suggested paying for it with a Parent Plus loan.

After he graduated from the carpentry program in 2011, Stephen picked up a job in Boston remodeling cabinets and assisting home renovations, and the Gonzalezes started making monthly payments of roughly $450. Stephen later moved back home to Houston and continued in carpentry for more than a decade.

Steve and Martha started feeling squeezed by their monthly student- loan payments once they entered retirement. Soon after Stephen graduated, they lowered their monthly payments to about $265 by stretching out the life of their loan by about a decade.

After Stephen's accident in 2024, his spleen was removed. He had several broken ribs and his femur had shattered. He had several surgeries. Today, he can walk, talk and drive. But, because of his injuries, he can't sit or stand for extended periods. He can't do carpentry or most other types of work.

"It's really upsetting," said Stephen, now 36. He spends his time driving his 102-year-old grandmother to her doctors' appointments.

An orthopaedic surgeon declared Stephen disabled. His father looked into whether the remaining student loan balance could be discharged. He learned that student loans can be forgiven under disability only if the person who took out the loan becomes disabled.

"I just assumed intuitively that, the loan being for our son's career, if he could no longer do that career, I could apply for that loan to be discharged," Steve said. "I was shocked to learn that the borrower, which is me, had to be permanently disabled, not my son." Similarly, qualifying for loan forgiveness for working in public service depends on the parent's job, not the child's.

Today, Steve is 79 and Martha is 81. They live on Social Security benefits and the income they bring in from substitute teaching. They are chipping away at a balance of nearly $28,500. Stephen lives with them along with Martha's mother.

Parent Plus borrowers were encouraged to consolidate their loans before the rules changed in July. That way, they would still have access to some income-driven repayment plans and potential studentloan forgiveness. Steve considered consolidating, but when he realized his monthly payments would go up, he decided against it.

"We're not going to be able to pay this loan fully off until my wife and I die," he said.
