

Student debt has skyrocketed to **\$1.5 trillion**, yet students do not understand basic information about the student financial aid and repayment processes, which may **limit their abilities to access aid**.



The average borrower has nearly **\$40,000** in student loan debt.



The level of **student-loan debt has doubled in less than a decade**, and some students are struggling to make debt payments.

**11%** of student loans are **delinquent or in default**

ACT conducted a survey of 1,200 high school juniors and seniors about how they are paying for college, who they are seeking help and financial advice from, and the extent to which they understand the long-term consequences of loan repayment.

**20%** of high school graduates will **pay for college on their own (self-funded)**

**36%** of high school graduates are **receiving some financial help** in paying for college but are **debt averse**

## TWO IN THREE

first-generation respondents are either **paying for college on their own** or are choosing a college that will leave them with **little to no college-based debt**.



Students who pay for college on their own (self-funded) are **more likely to rely on high school staff and online resources** for information about accessing financial aid.

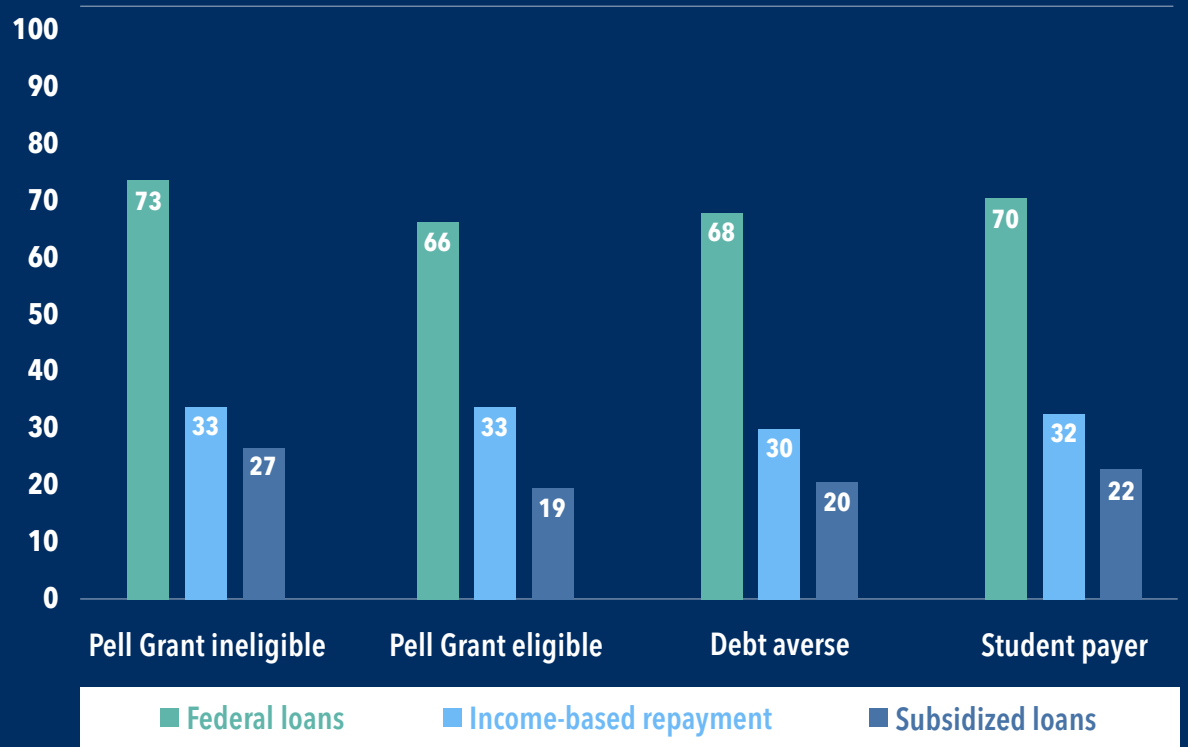


College representatives are **better positioned than the other sources** (e.g., family, high school staff, internet, etc.) to discuss their institutions' financial aid process and availability of aid.

To test students' **actual understanding of student financial aid options and terms**, we asked them three financial literacy questions.

- 1 True or False?**  
The federal government offers student loans to help students pay for college.
- 2 True or False?**  
There is a student loan repayment option which allows me to repay my student loans based on how much money I make in my job after college. For example, if I make \$35,000 I will pay less each month than someone who makes \$65,000.
- 3 Yes or No?**  
Does the government pay the interest on student loans while students are still in college for some types of federal loans?

Knowledge of student financial aid options and terms



It's important for high schools and colleges to **personalize and explain all options related to available student financial aid—preferably non-loan aid—and the long-term consequences of student loan debt**. Providing students with more individualized information is a **necessary step toward the goal of improving student access to financial aid** and thus their **access to postsecondary education and ultimately to career opportunities**.

### Our results show that:

- 1** The level of self-funding and debt aversion is greater than previously thought;
- 2** Colleges need to engage high school students more directly about the financial aid process; and
- 3** This includes doing a better job in explaining the long-term consequences of student loan debt and what repayment options are available.



<sup>1</sup> Zack Friedman, "Student Loan Debt Statistics in 2019: A \$1.5 Trillion Crisis," Forbes, February 25, 2019, <https://www.forbes.com/sites/zackfriedman/2019/02/25/student-loan-debt-statistics-2019/#502a5e89133f>

<sup>2</sup> Stefan Lembo Stolba, "Student Loan Debt Reaches All-Time High in 2018," Experian, December 21, 2018, <https://www.experian.com/blogs/ask-experian/state-of-student-loan-debt>

According to The Institute for College Access and Success, borrowers in the Class of 2017, on average, owe \$28,650 in student loan debt. "Student Debt and the Class of 2017," <https://ticas.org/posd/home>