

FEDERAL RESERVE BANK *of* NEW YORK

Student Loan Borrowing and Repayment Trends, 2015

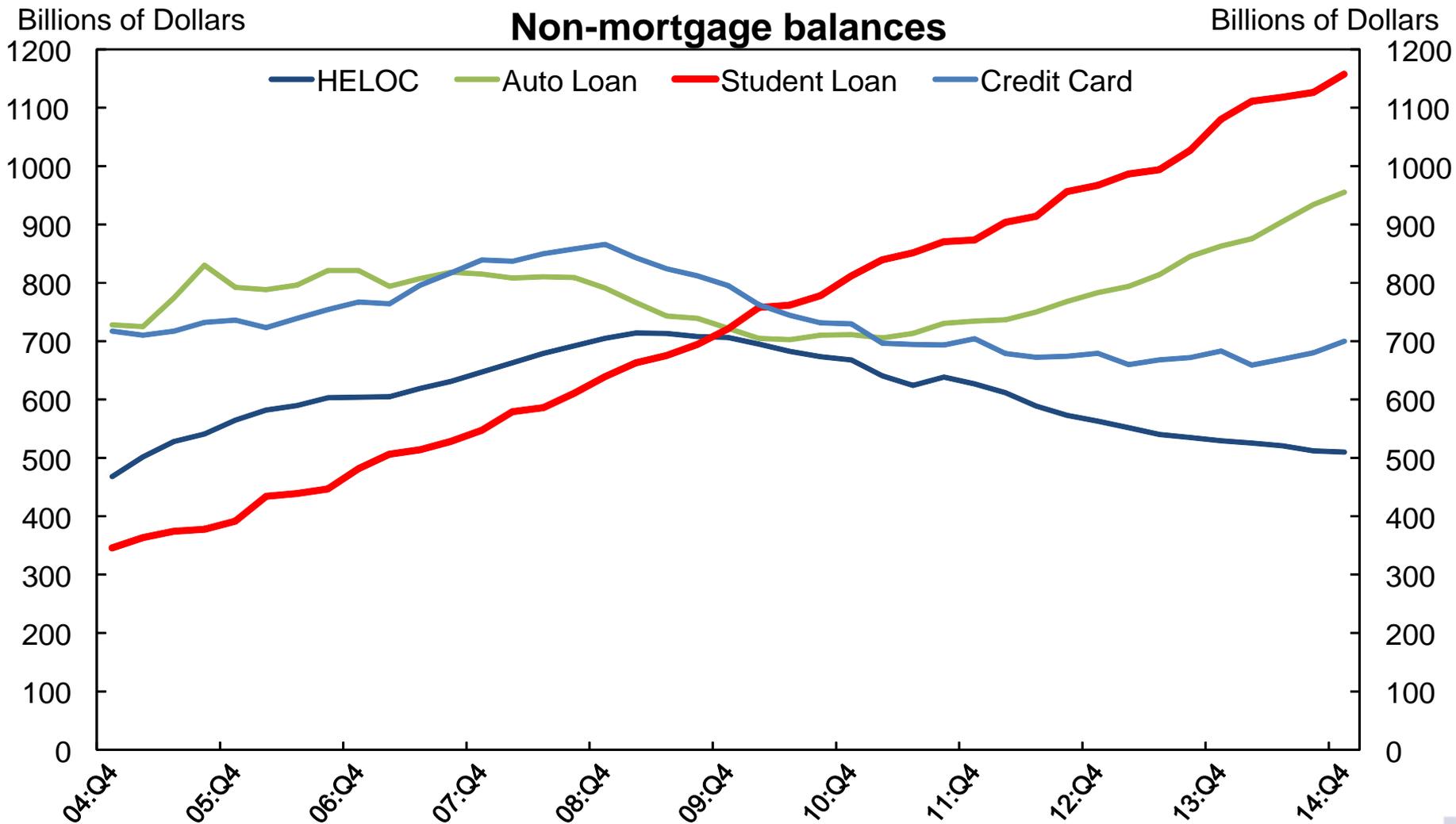
Cleveland Fed 2015 Policy Summit

June 18, 2015

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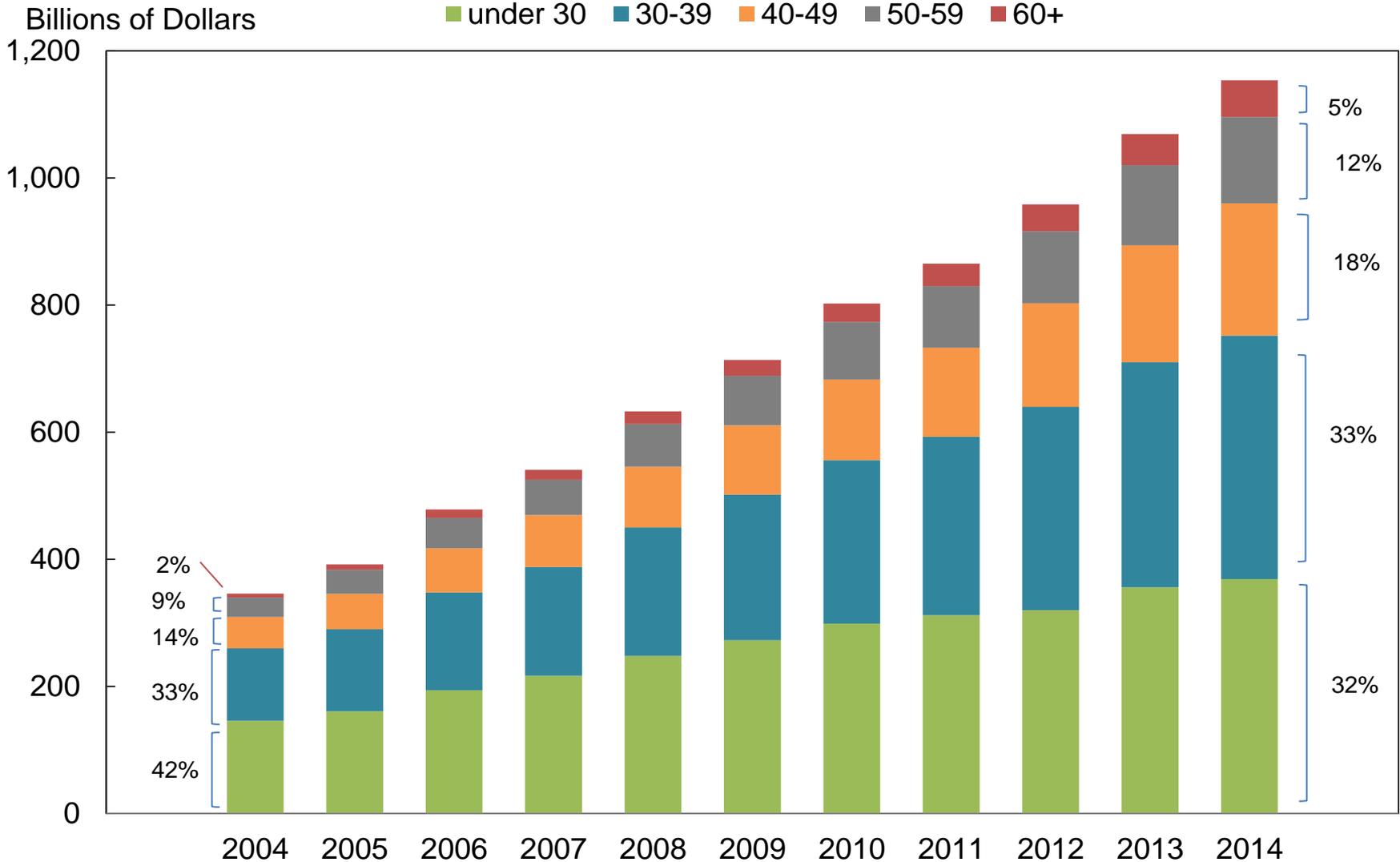
Student loans defy business cycle



Source: New York Fed Consumer Credit Panel / Equifax



Total student loan balances by age group

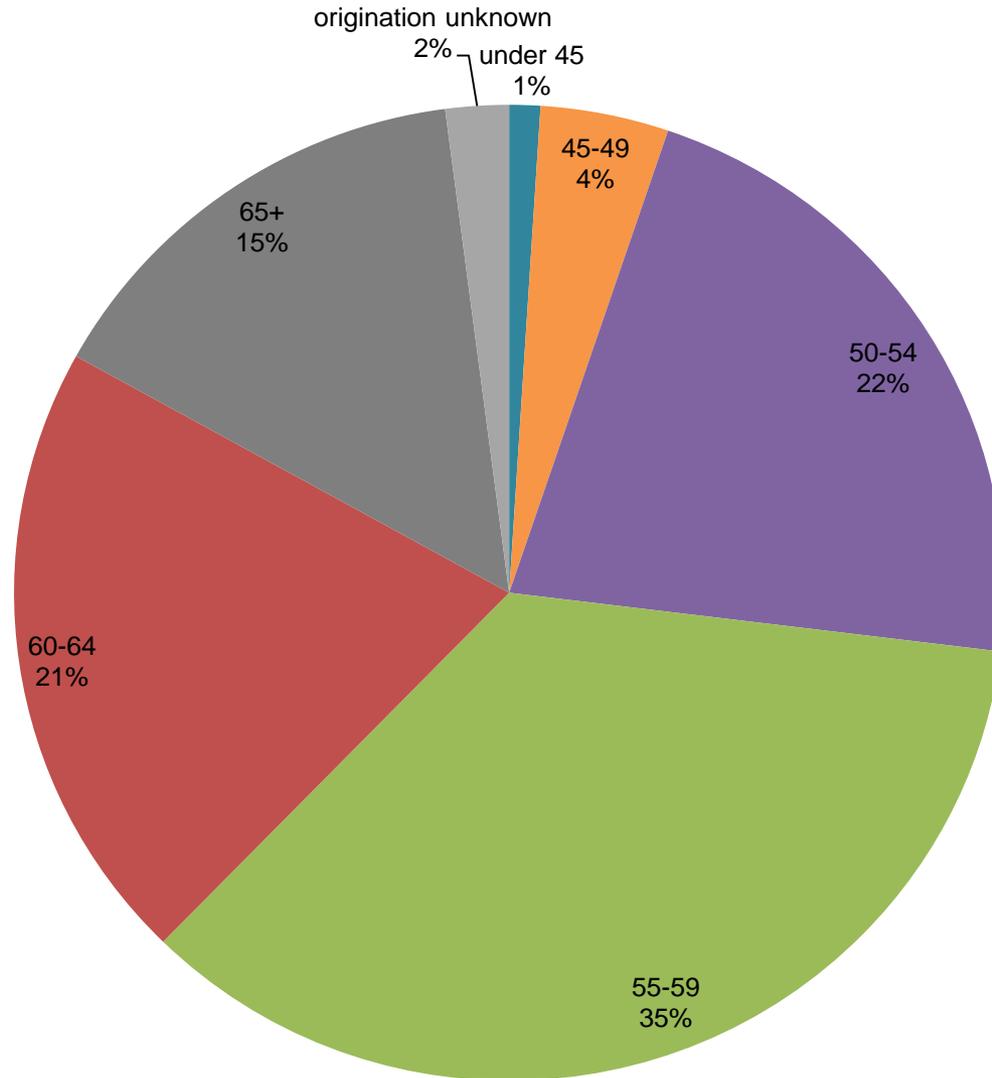


Source: New York Fed Consumer Credit Panel / Equifax

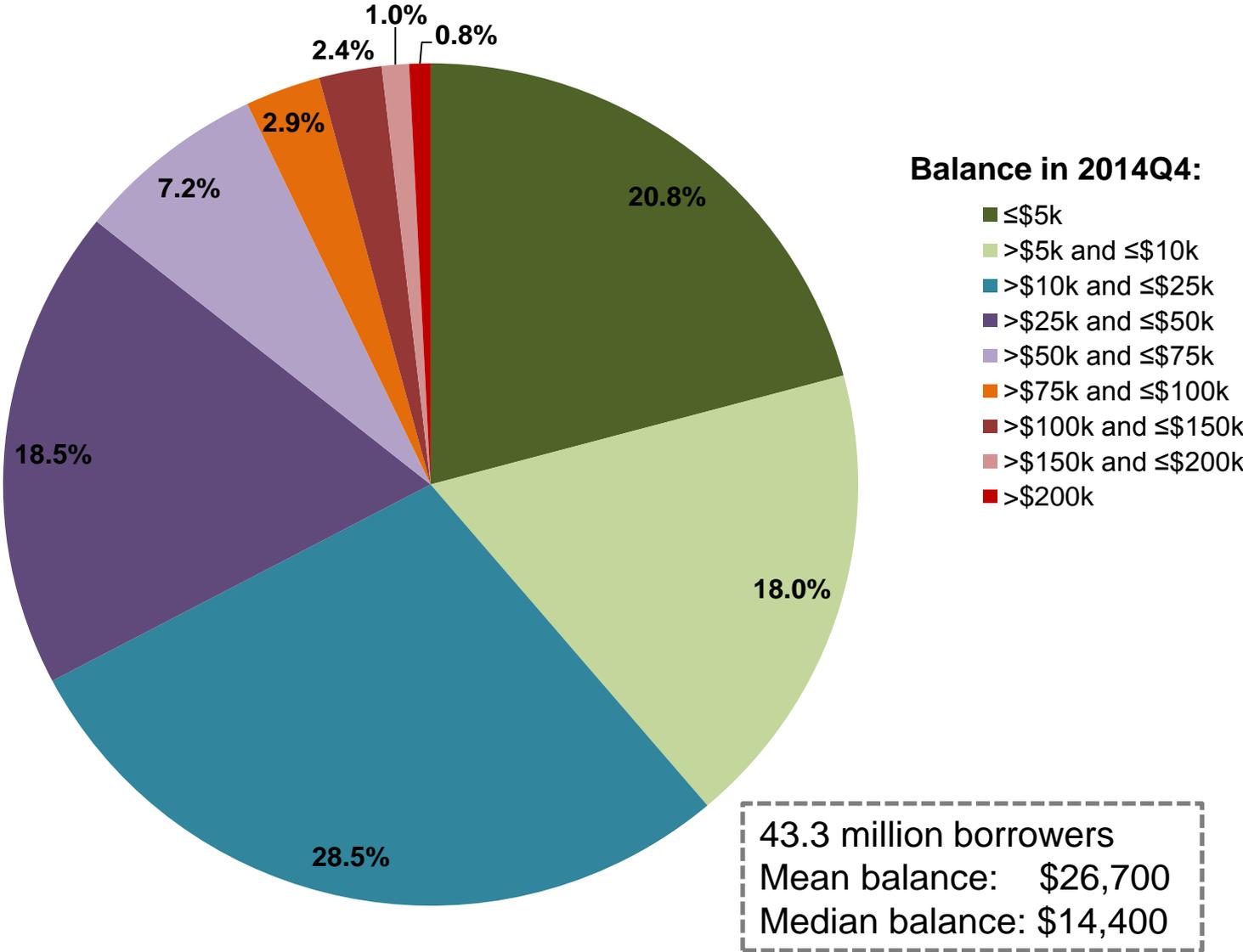


Age 60+ Borrowers: 2014Q4 Balances by Origination Age

How old were the borrowers when they took out their loans?

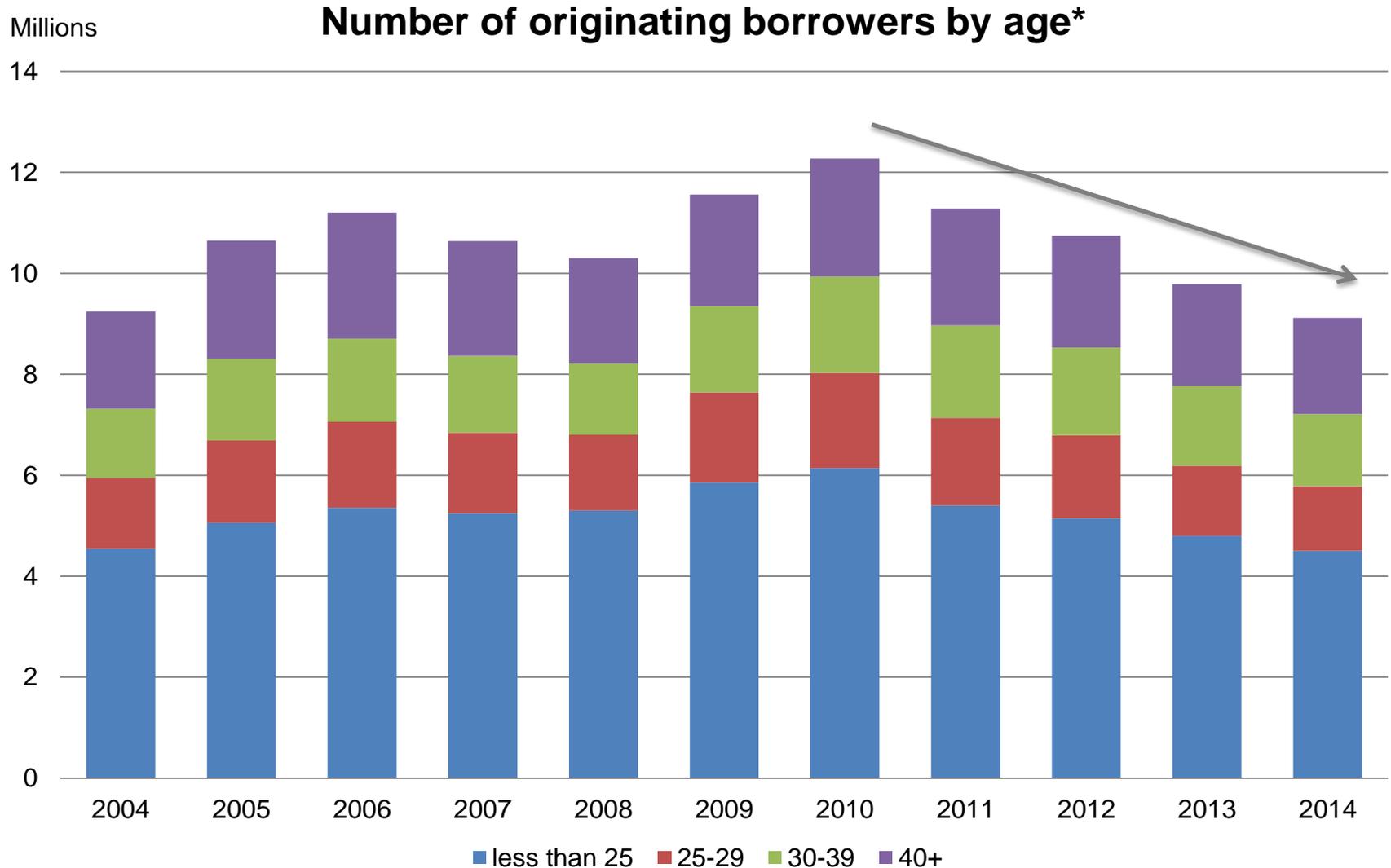


Distribution of borrowers by 2014Q4 balance



Source: FRBNY Consumer Credit Panel/Equifax

Who is borrowing now?

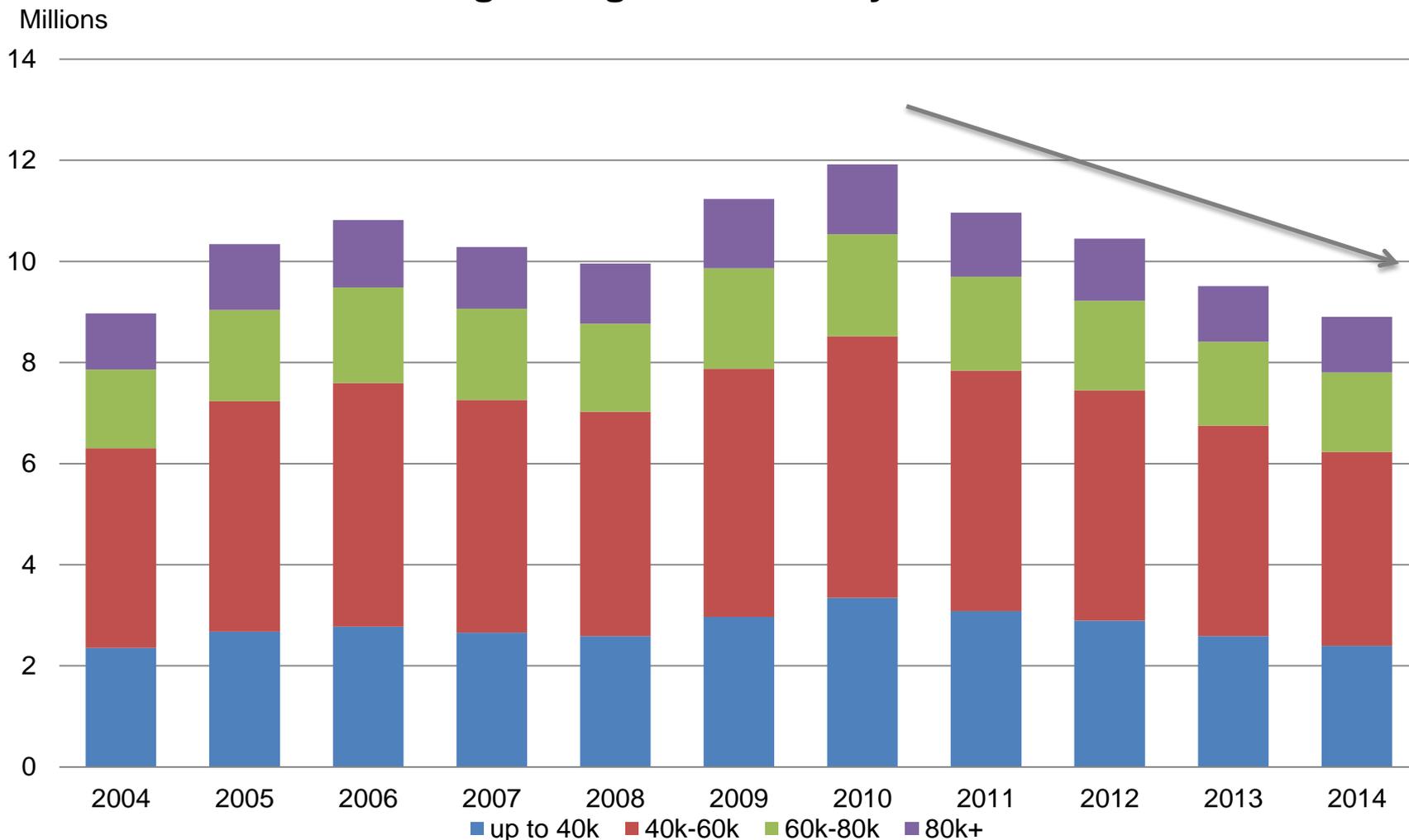


Source: FRBNY Consumer Credit Panel/Equifax; * excludes small number of borrowers with missing age

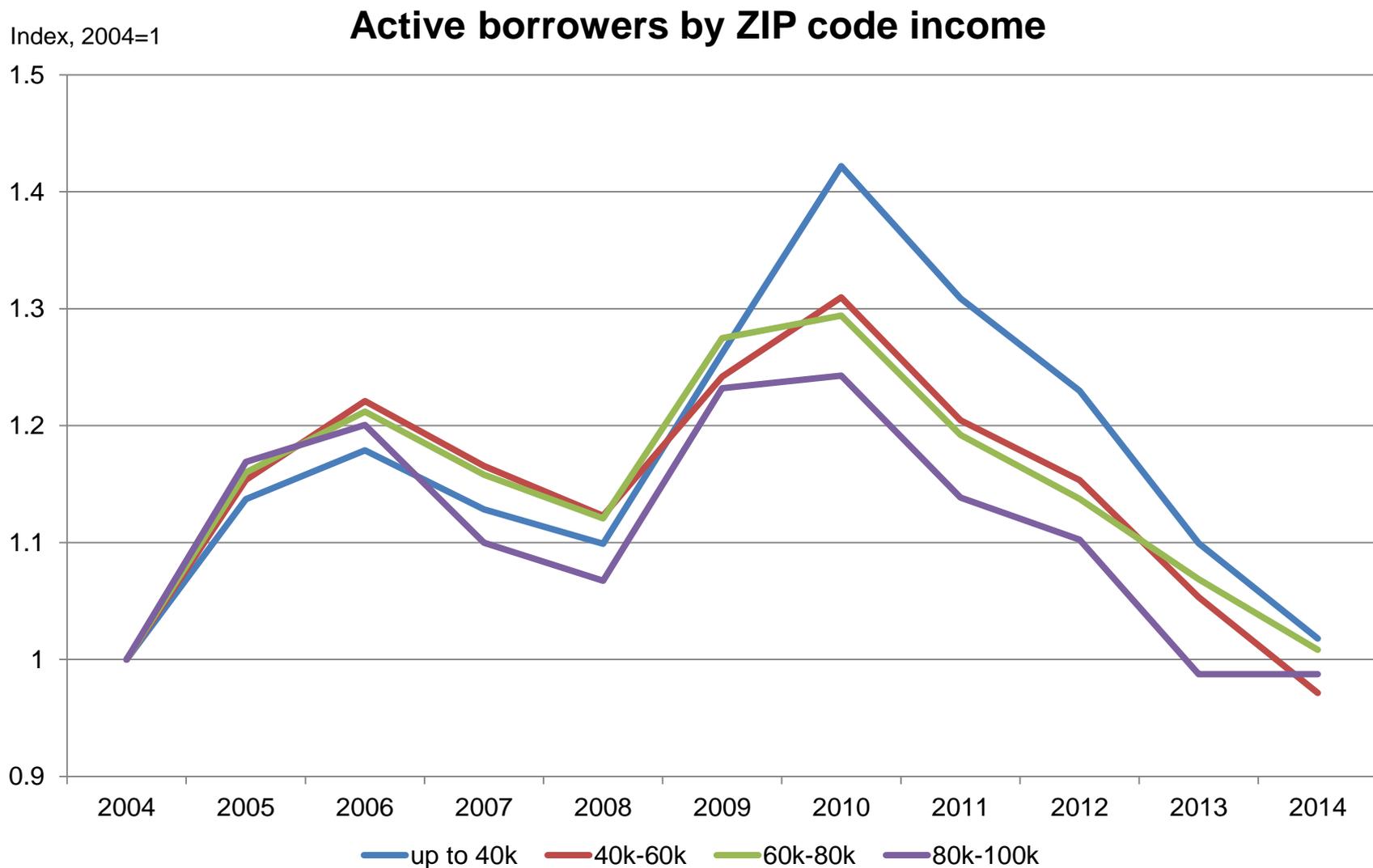


Increase, then decline in borrowers from lower and middle income areas

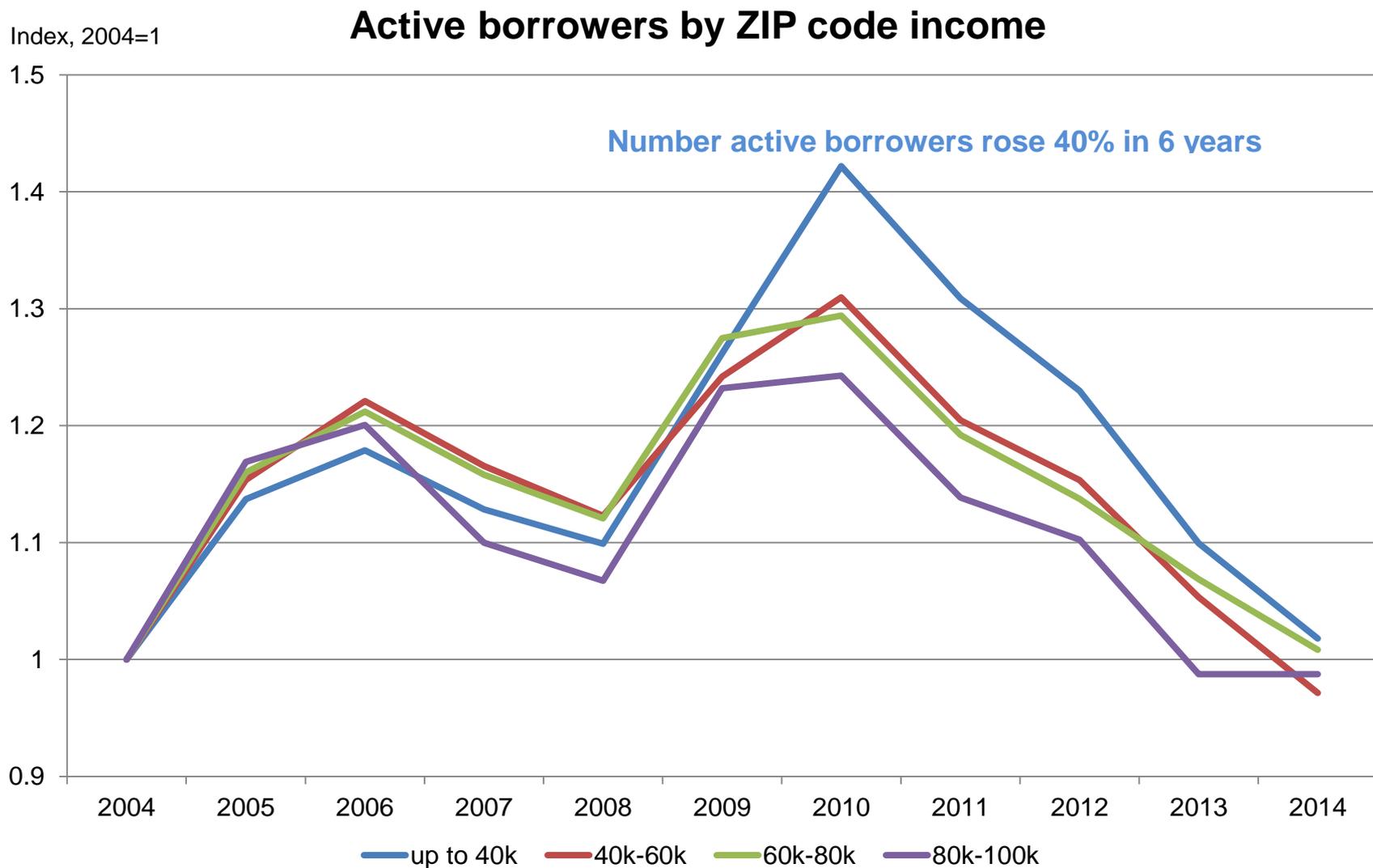
Number of originating borrowers by ZIP code income*



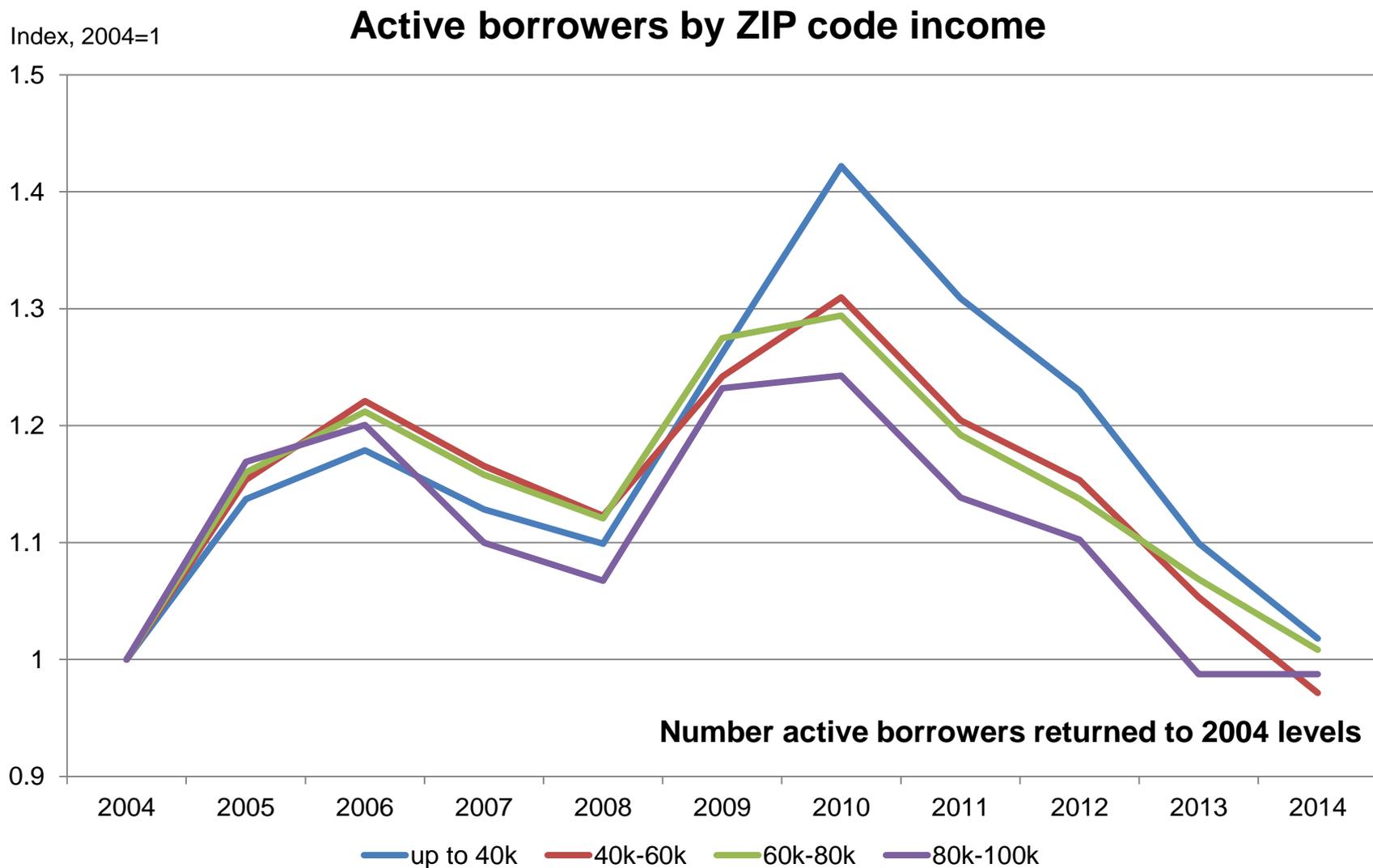
Larger rise in level of lower income borrowers following recession



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Wrapping up, part 1

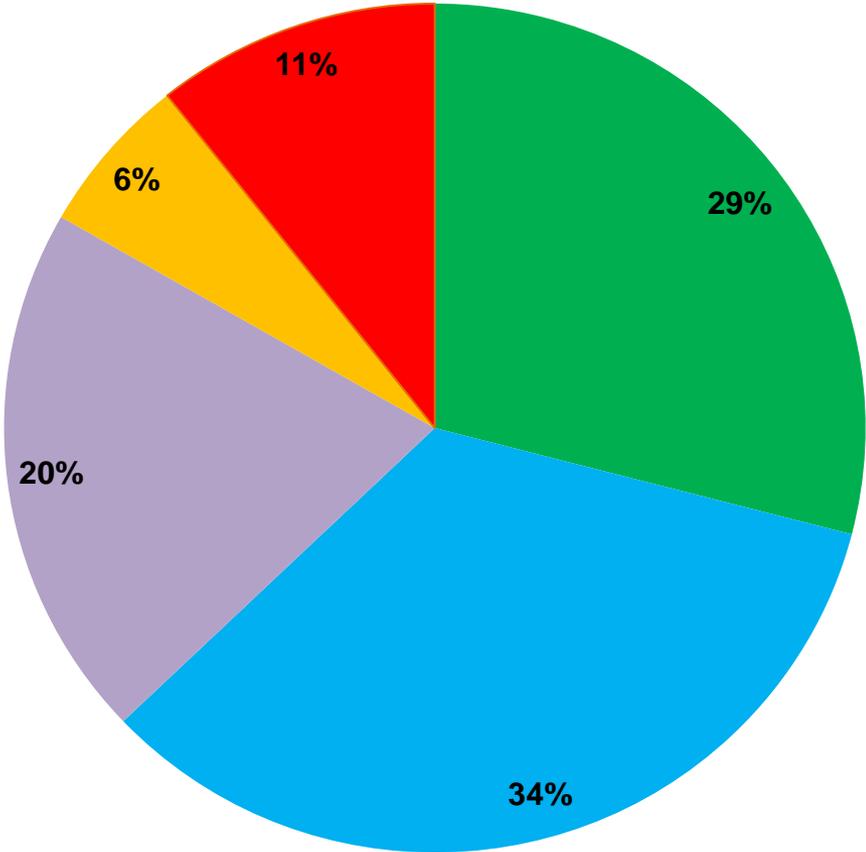
- Student debt continues to increase, especially for older borrowers
 - Increase reflects new borrowers, higher balances and slow repayment
- There is significant heterogeneity in amounts owed
 - Highest balances are owed by borrowers in their 30s
- The number of active borrowers peaked in 2010
 - Significant decline since then
 - Increase and subsequent decline driven by borrowers from relatively lower-income areas



Student loan default & repayment

Distribution of payment history

Snapshot of Borrowers in 2014:Q4

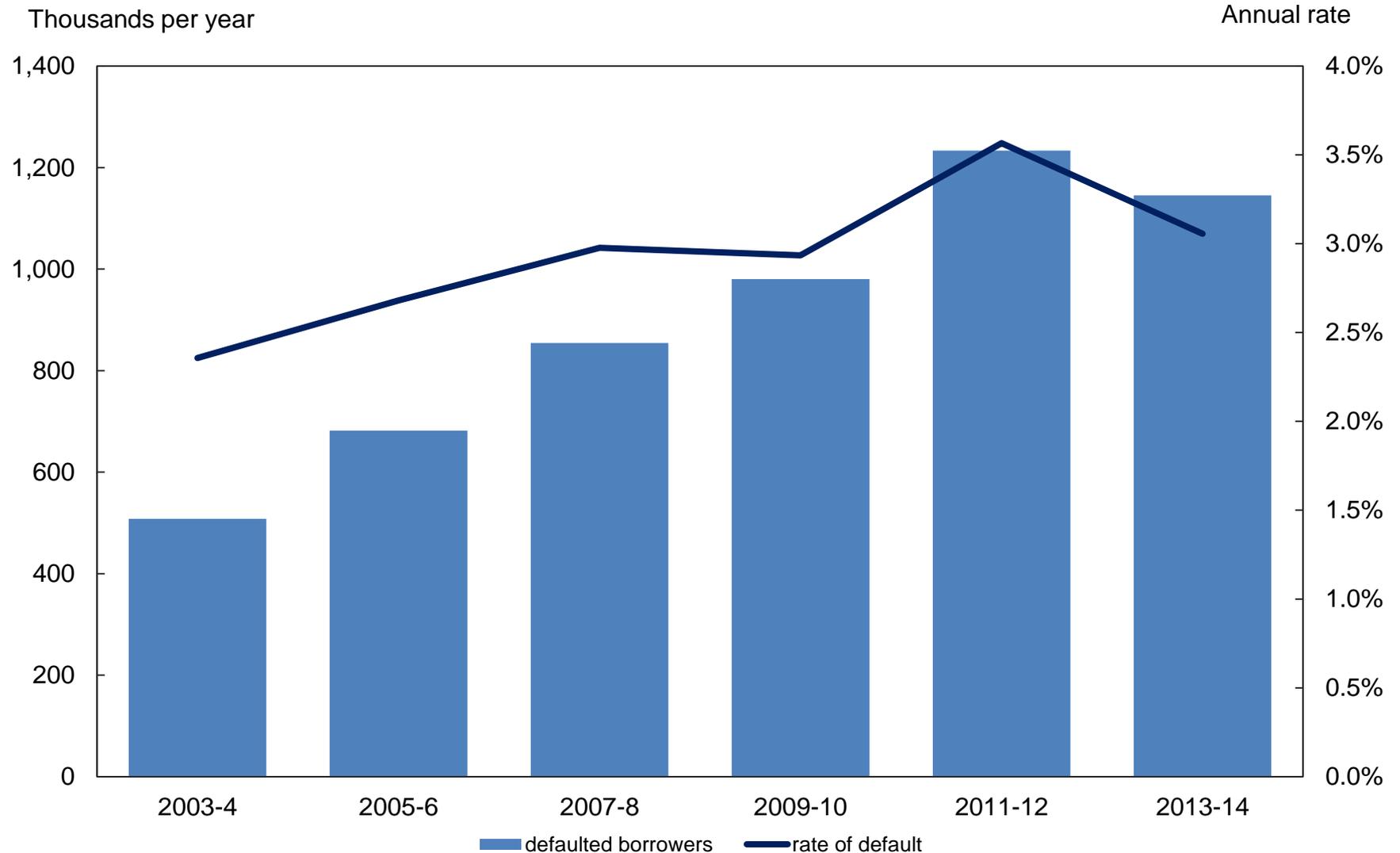


Percent of Borrowers

- always current, balance decreasing
- always current, balance increasing
- current with previous blemish
- now delinquent
- now in default

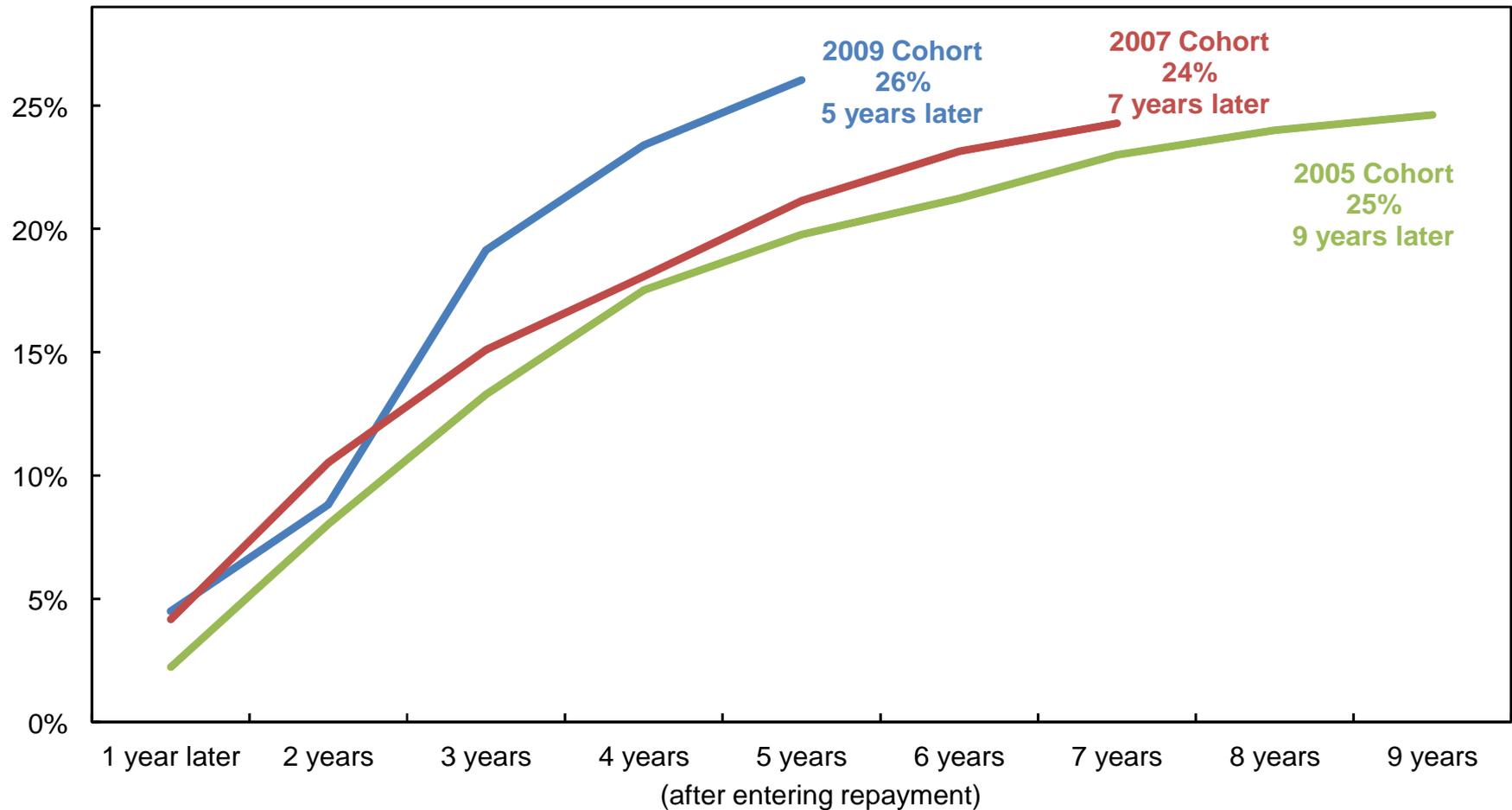
Source: New York Fed Consumer Credit Panel / Equifax

Defaults and default rate



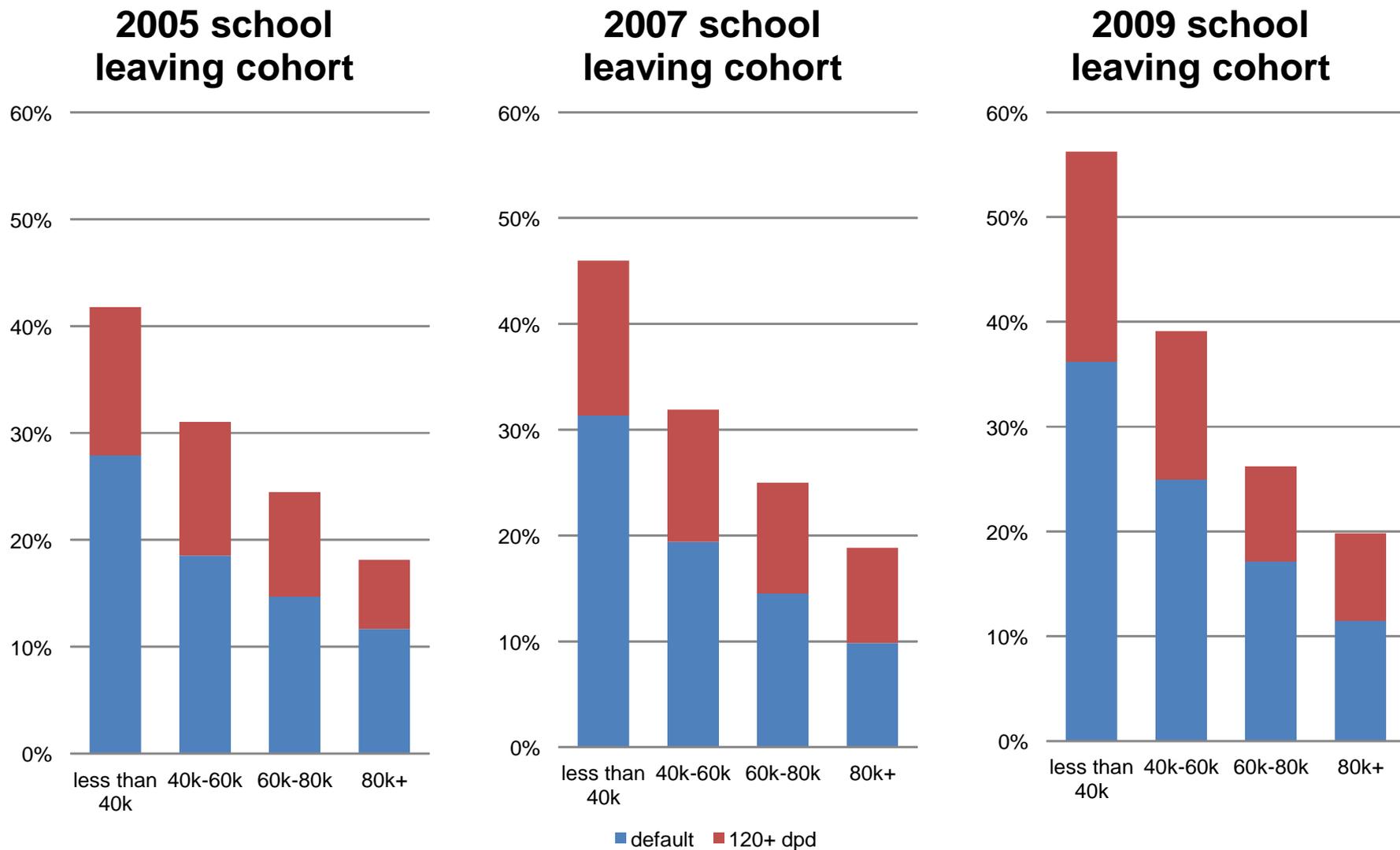
Default rate by school leaving cohort

Share ever defaulted by years after leaving school

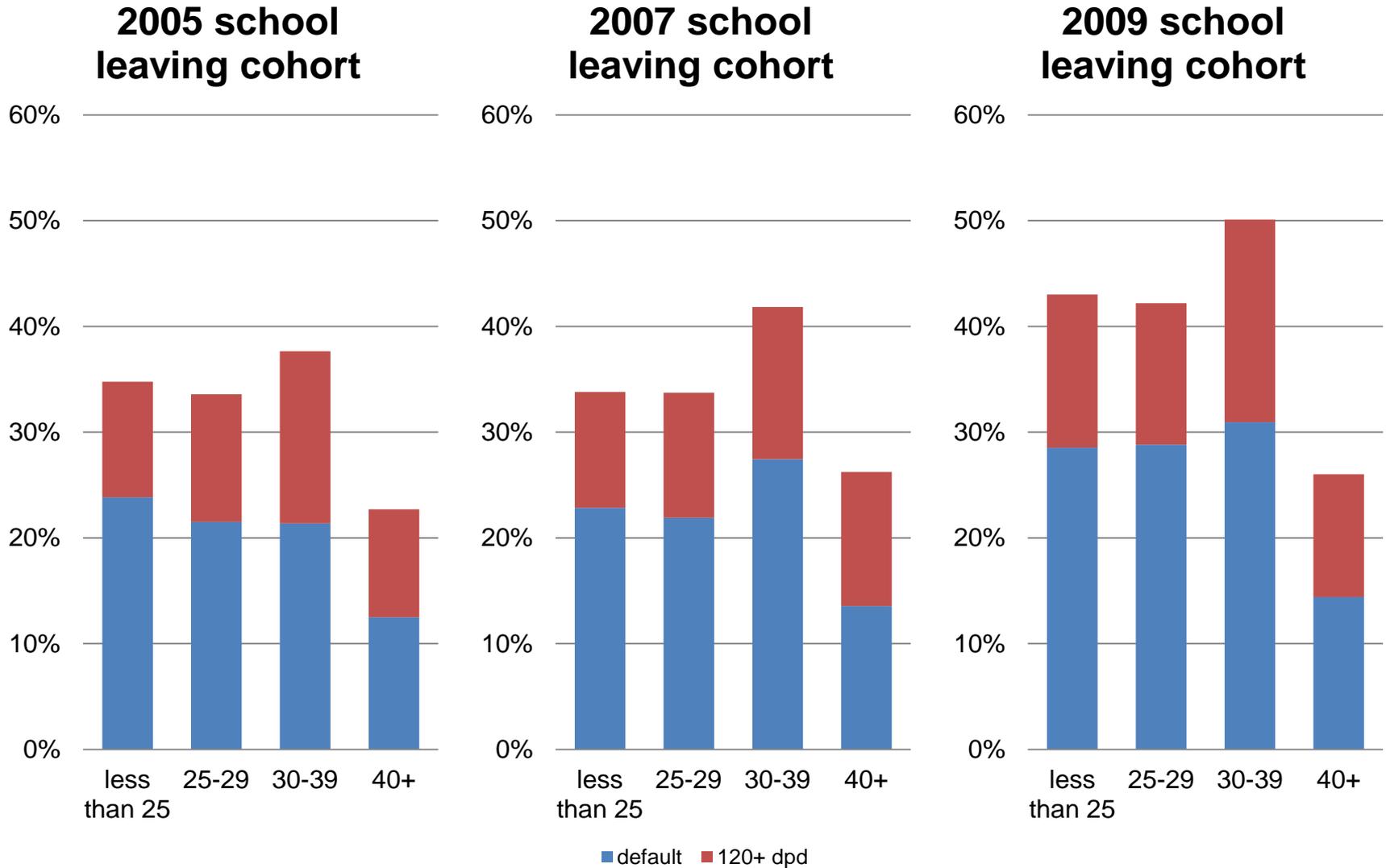


Source: New York Fed Consumer Credit Panel / Equifax

5-year cohort default and delinquency rates by ZIP income

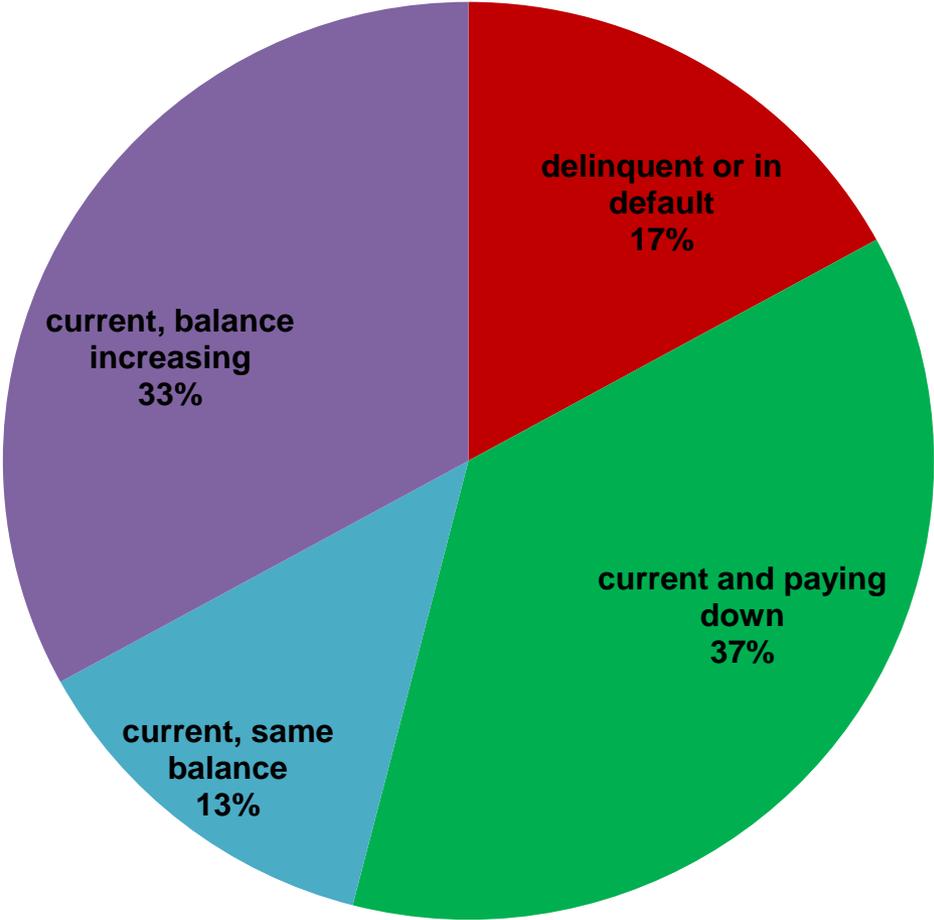


5-yr Cohort default and delinquency rates by age



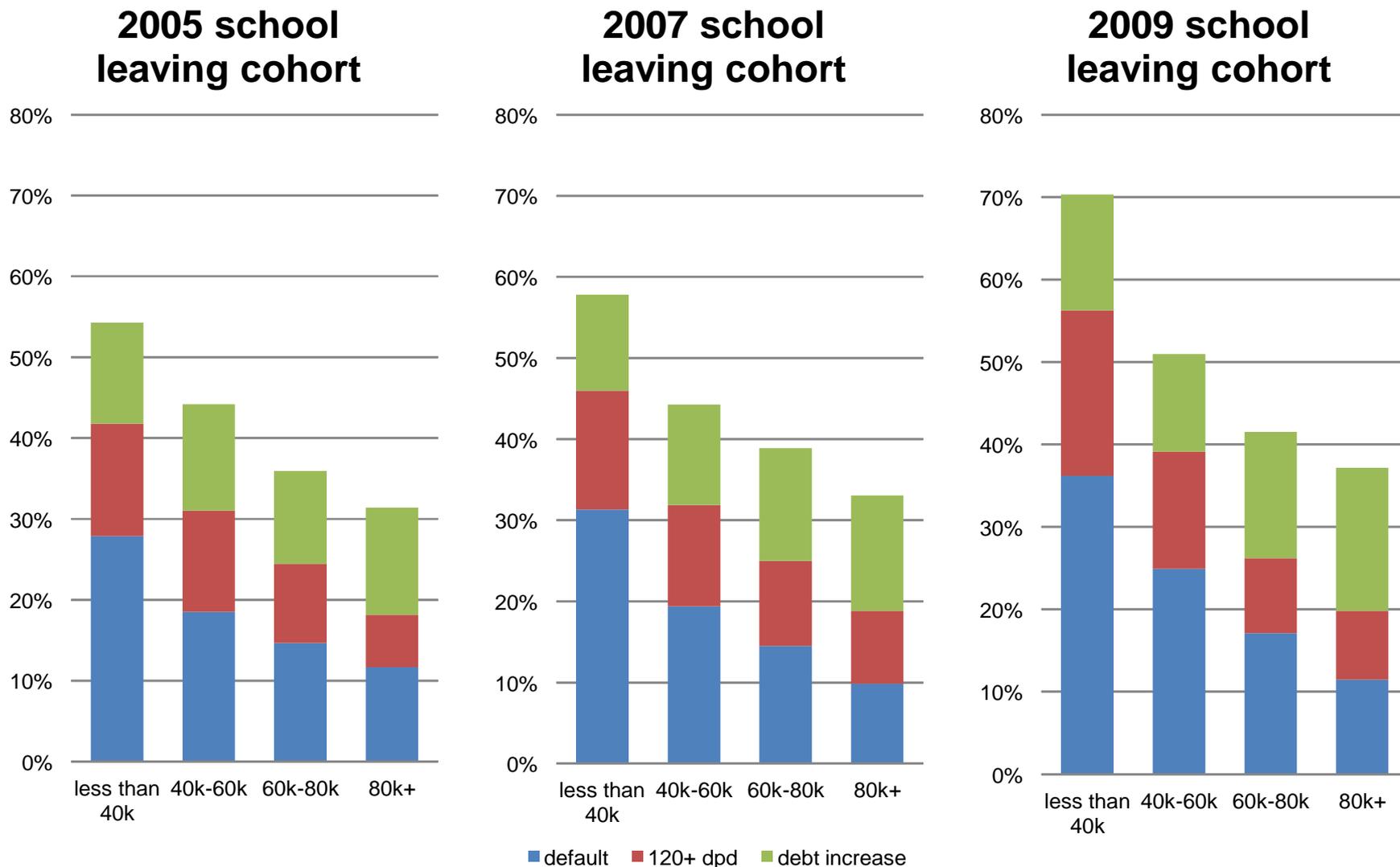
Student loan repayment behavior

Student Loan Repayment Status in 2014



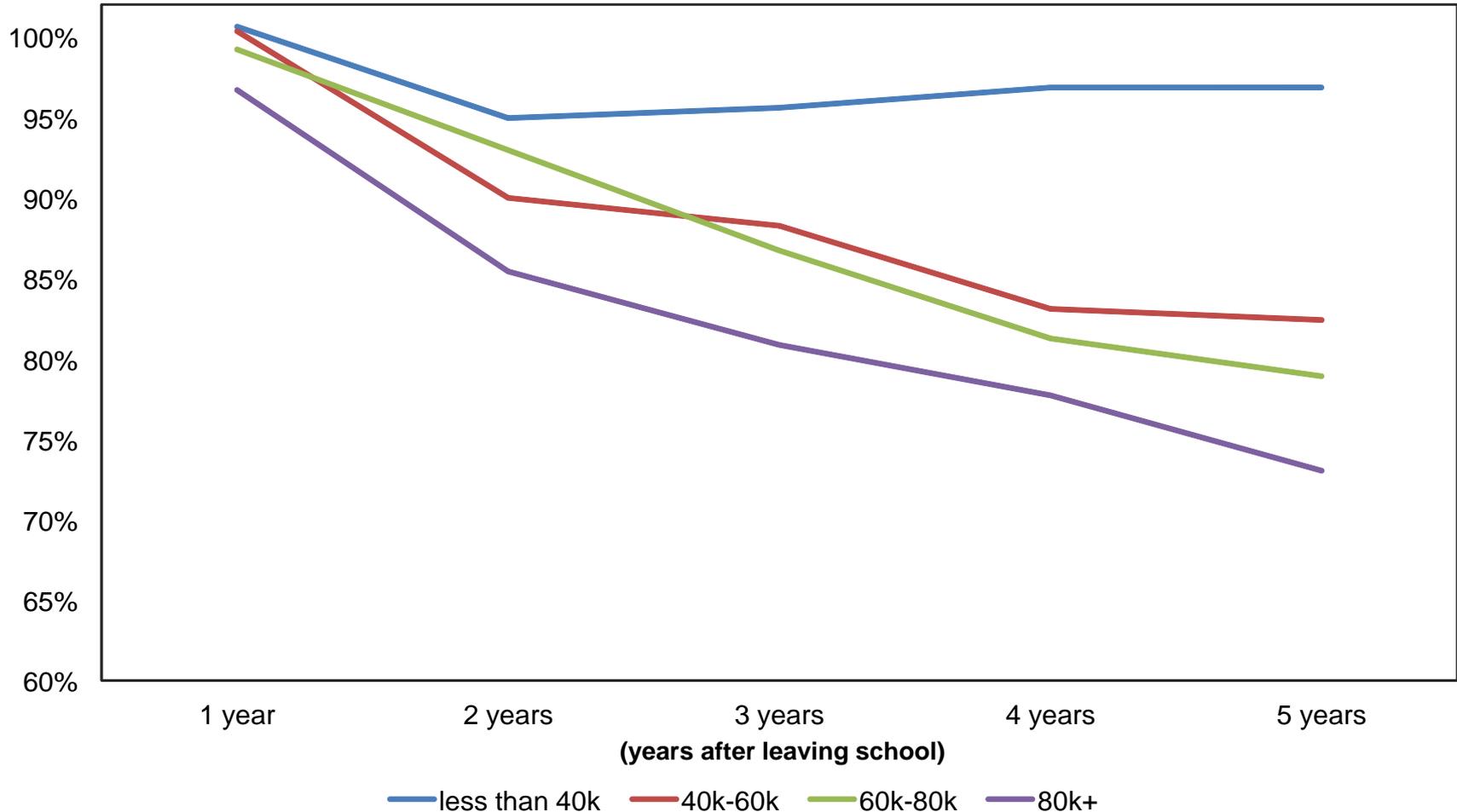
Source: New York Fed Consumer Credit Panel / Equifax

5-year cohort repayment difficulties, by ZIP income



2009 cohort repayment rates by income

Proportion of balance remaining by ZIP income



Wrapping up

- These results are further evidence of the important heterogeneity we see in the outcomes of higher education investments financed with student debt
 - Borrowers who left school in the Great Recession had particular difficulty with their student loan repayment, with many defaulting, becoming seriously delinquent, or not being able to reduce their balance
 - Borrowers from lower and middle-income areas as well as borrowers who originated loans in their 30s are also at greater risk of default and delinquency
- The low overall repayment rate helps explain the steady growth in aggregate student debt, now at nearly 1.2 trillion dollars