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Student Loan Debt on College Graduates

Todays' generation has been raised with the belief that by going to college you can get a good job and a better life. However, with these ideals come consequences, as students must take out loans in order to afford the exorbitant cost of going to college. These loans, once a benefit to help people afford school have now become a burden weighing down colleges graduates. Overwhelming debt has forced graduates to delay marriage, starting a family, home ownership, and other core ideals that make them an adult.

Paying back loans have become the number one priority for graduates. The urgency to pay back the loans restricts some graduates from spending money on a place to live such as an apartment or a house. The ability to live on one's own and to provide for one self is empowering. Paying the rent with money earned is liberating and it lends itself to all the hard work one's put in over the course of a college career. Instead this new crop of young adults are now required to move back home to be able to pay their loans off. They cannot afford to pay rent or a mortgage and at the same time reduce the balance on their loan. In "Millennials' ball-and-chain: Student loan debt" Hadley Malcolm interviewed twenty year olds who recently graduated from college. She describes the ongoing battle that is waged between young adults and their residual student loan debt. She wrote about Shayna Pilnick who is $63,000 dollars in debt. While she does not regret taking out the loans they are restraining her from taking out a mortgage and becoming a homeowner. Pilnick is required to pay about $540 dollars a month toward her debt but, she pays almost $1000 to speed up the process. There is a perception that by the twenties to early thirties a person should be gainfully employed, self-sufficient and have a home of their own. The impact of student loans prohibits the transition into adulthood.

Usually beginning a family is the next step taken following marriage. This ideal is not only associated with adulthood but, also with happiness and success. Going into a marriage with individual loan debt can be stressful and difficult to manage. The situation is compounded when two individuals marry and each one is strapped with their own loan. These married couples find themselves delaying the start of a family due to the financial burden. As in the case of Josh Childerson and his wife Jennifer, they want to start a family but have decided to wait because of their combined loan balances. Both are in their mid-twenties and together owe $92,000 dollars in debt. Josh only makes $35,000 dollars a year working for his alma mater. This salary alone is not enough to support both of them, let alone a family. They share a car because they cannot afford a car loan. The lack of an additional car has forced Jennifer to refuse better job options because the commute is too far. Because of this situation they have had to move into Jennifer's parents' home. Most people their age who are married are more concerned with buying a home or starting a family. Now they are putting these plans on hold to tackle paying back an astronomical amount in student loans.

Dorming at college is a major stepping stone for many students to develop their independence and sense of self. Moving back home takes away some of the independence some college graduates had become accustomed to during college life. No matter how great the parents are it is understood that certain rules will apply at home that did not exist at the dorms. Jennifer Childerson who was interviewed by Malcolm Hadley for his referenced article is a classic example of this copious situation. Living with her parents makes her and her husband feel like they have been inhibited in their progression toward adult life. Their sense of independence has been stripped. Her husband Josh solidifies this sentiment when he expresses his frustration in his statement, "We can't start a family, we can't buy a house, we can't sort of settle down, I guess," he continues to say "We can't have that quintessential American dream." (Hadley) A similar sentiment is shared by Shayna Pilnick "When I turned 28 I felt like the clock was ticking." (Malcolm) At 28 she feels that time is running out for her chance to become completely independent. Students returning home after graduation have increased from 2005 to 2012. In 2005 13.5% of males who graduated returned home compared to 16.9% in 2012. In 2005 8.1% of female graduates returned home while in 2012 the return rate was 10.4% (Malcolm). While the percentages seem low there is still an increase. It is a crushing blow to realize that the rite of passage that many graduates look forward to upon graduation is put on hold. There is a perception that graduating from college and procuring employment that is well salaried will lead to the American dream and yet for many graduates loans are creating roadblocks in attaining that goal.

It is a widely accepted concept that after graduation comes a good job followed by a sense of accomplishment and entering the adult world. As daunting as being an adult seems it is something that graduates look forward to. The impact of heavy student loan debt forces a new crop of thirty year olds to have to delay these responsibilities in order to pay back the loans they owe. Shane Gill for instance who was featured in The New York Times article “Student Debt Slows Growth as Young Spend Less” is an example of the new common thirty year old with student loan luggage. He is unmarried, he has no car, no home and owes $45,000 dollars in federal student loans plus another $40,000 to his parents. Gill has a decent and secure job but certainly not one that enables him to take the next step toward adulthood. The economic stagnation caused by loans is creating scenarios such as the one Gill is confronted with. The ability to attain economic independence has been greatly diminished by the heavy influx of debt they come out of college with.

Equal Justice Works reported that two thirds of college grads in 2010 had an average debt of $25,250 dollars which is an increase from $24,000 dollars in 2009.(Browne, Ross) These numbers are staggering. The belief that these numbers will not improve is disconcerting and makes one wonder how any graduate can be expected to gain independence and maturate into adults when faced with such a financial burden. Adding insult to injury college tuition has been increasing drastically. “Since 1985, college tuition has gone up 559 percent and with it, massive indebtedness.”(Ross and Browne) Attending college is still something most HS seniors look forward to but in addition the worry of loans looms over their heads but for many loans will be their only option. Home ownership is down by 36 percent with people who are paying student loans and two out of every three of these people will buy a used car instead of a new car. (Browne,Ross)

There is no magic wand to erase loan but there are a few things to consider when faced with the decision of whether or not to take out a loan and how to strategize for the optimal benefits. Phyllis Furman recently wrote a brief article called *Learn This! 5 Crucial things you need to know before you take out a loan* that strategizes the approach to loans. Research possible scholarship options and grants at the various institutions of interest. These do not have to be repaid. Don't be afraid or ashamed to ask, you will be surprised at the surplus of free money available to help with college costs you just have to do a little work. Seek out federal loans before settling on private loans. Federal loans tend have lower interest rates and the repayment options are more flexible. Consider payment plans if the school offers it. There is generally a small fee to enroll but it will allow you or your parents to pay off the tuition in manageable installments which could potentially eliminate the need for a loan or reduce the amount that needs to be borrowed. Research the possible income that a degree in your selected field could generate, this will give you a general idea of what you will be facing economically upon graduation. By getting an idea of potential income you can calculate to borrow about 8% which is the rule of thumb according to the US Department of Education of that expected income. (Furman) Try to pay the interest on the loans monthly and when possible make small payments towards the principal. It will reduce the total amount due upon graduation.

College loan debt while a necessary evil brings with it consequences. It prevents new graduates from assimilating appropriately into adult life as they must worry about how to pay back their loans. Their ability to attain economic independence has been greatly diminished by heavy debt they have accrued. Instead of enjoying a new beginning that graduating from college can bring them, they are in fear of what the future holds. For this generation adulthood is viewed with anxiety and stress due to student loan debt and the impact it has the graduate's ability to essentially become a grown up. It is not a journey that graduates are looking forward to as the years will be spent trying to climb out of the student vortex that has fundamentally become a great obstacle for them in becoming full-fledged independent adults.