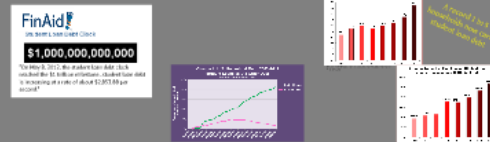


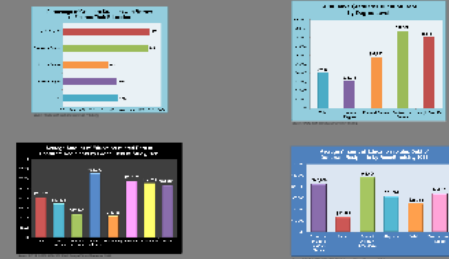
Financial Education for Undergraduate and Graduate Students

Defining The Need

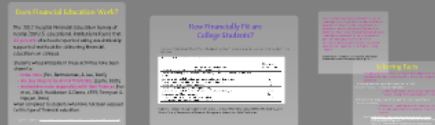
How BIG is the Student Loan Problem?



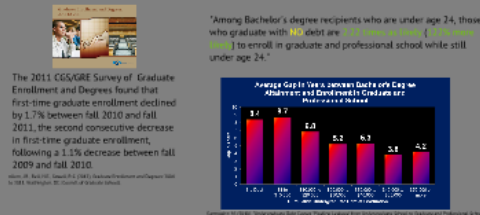
How Much do Graduate Students Owe?



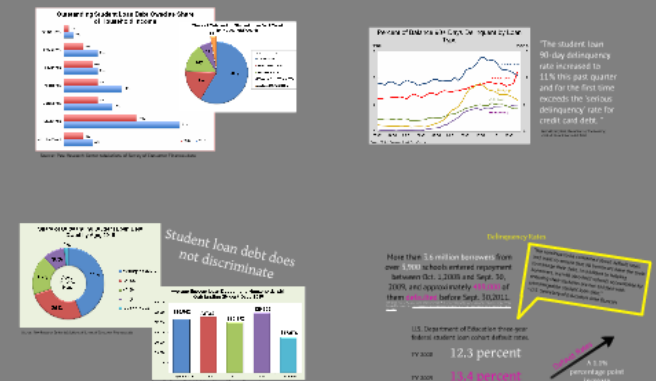
Financial Literacy



Undergraduate debt affects the graduate education pipeline



The Debt Effect



Financial Education for Undergraduate and Graduate Students

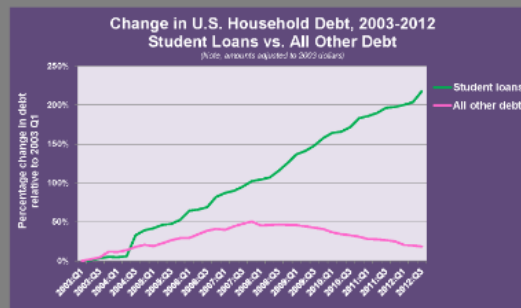
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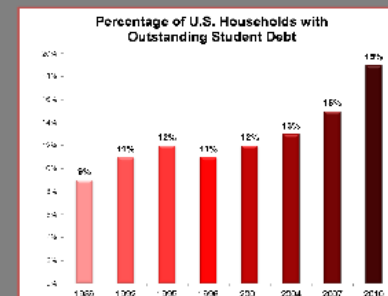
FinAid!
Student Loan Debt Clock

\$1,000,000,000,000

"On May 8, 2012, the student loan debt clock reached the \$1 trillion milestone...student loan debt is increasing at a rate of about \$2,853.88 per second."

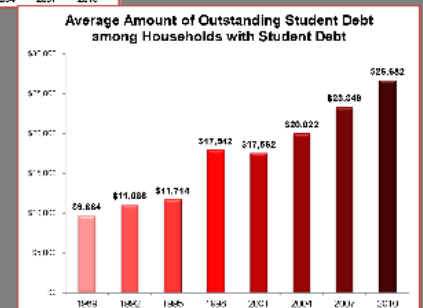


Source: Federal Reserve Bank of New York



Source: Pew Research Center tabulations of Survey of Consumer Finances data

A record 1 in 5 households now carry student loan debt



Source: Pew Research Center tabulations of Survey of Consumer Finances data

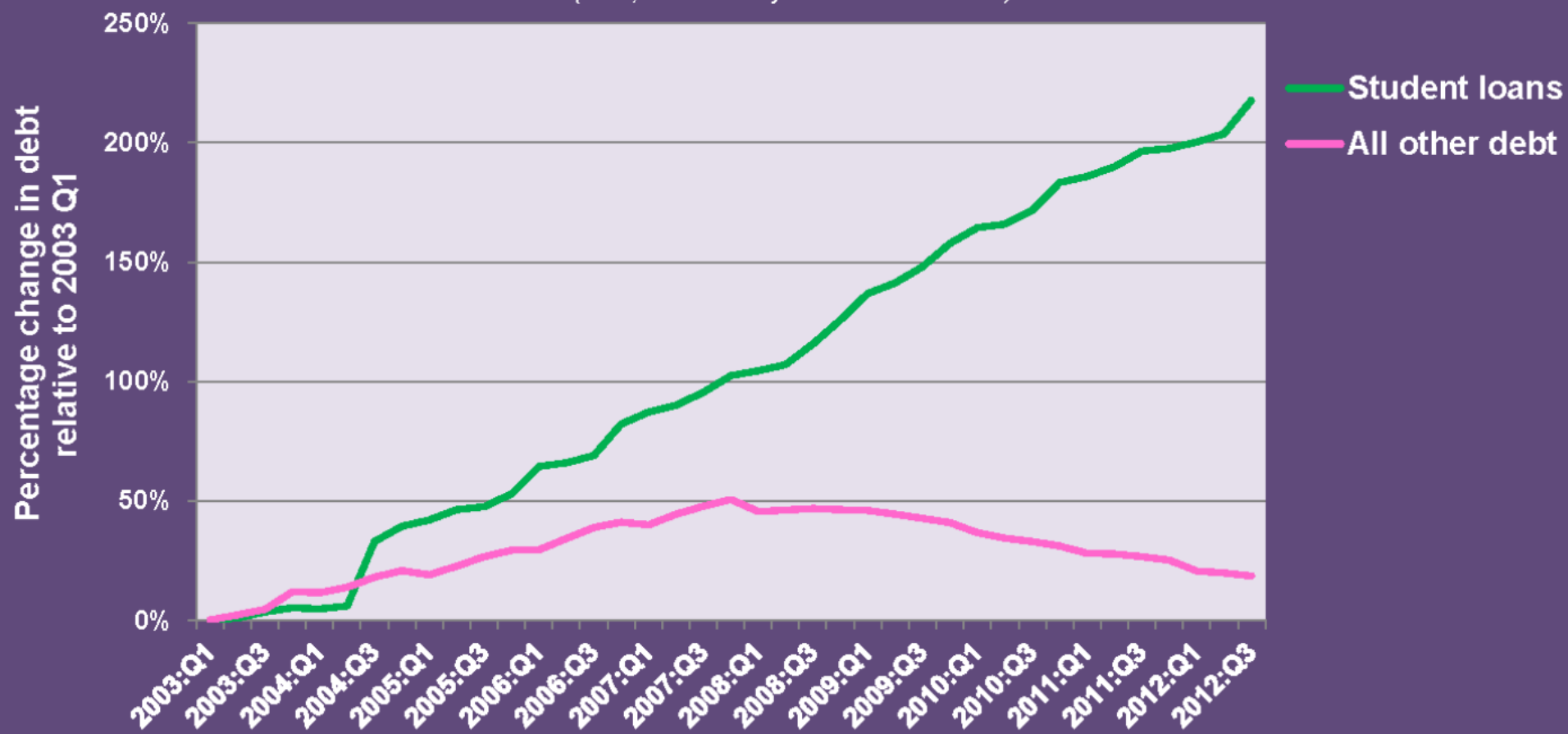


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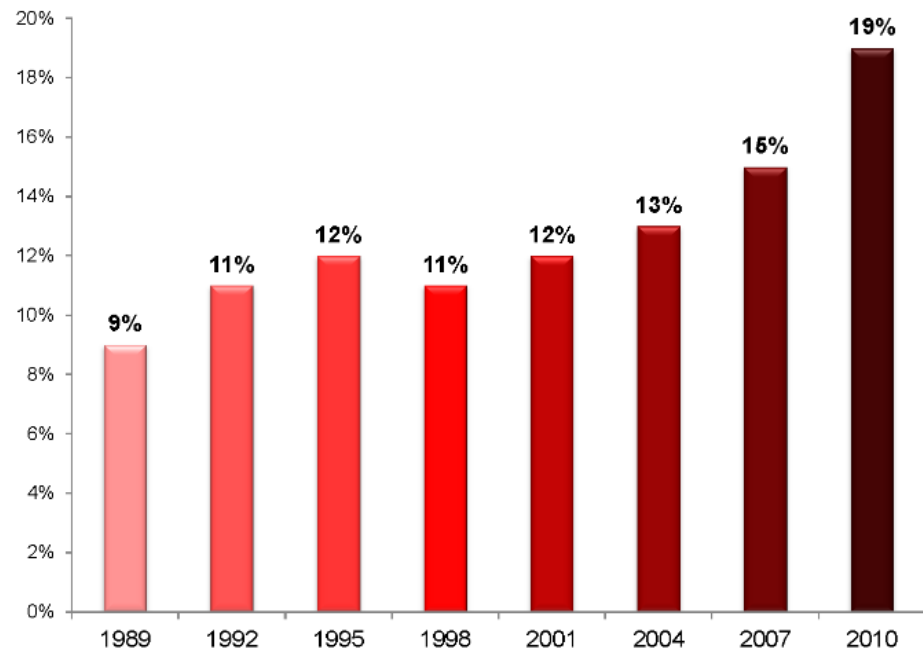
Change in U.S. Household Debt, 2003-2012 Student Loans vs. All Other Debt

(Note, amounts adjusted to 2003 dollars)



Source: Federal Reserve Bank of New York

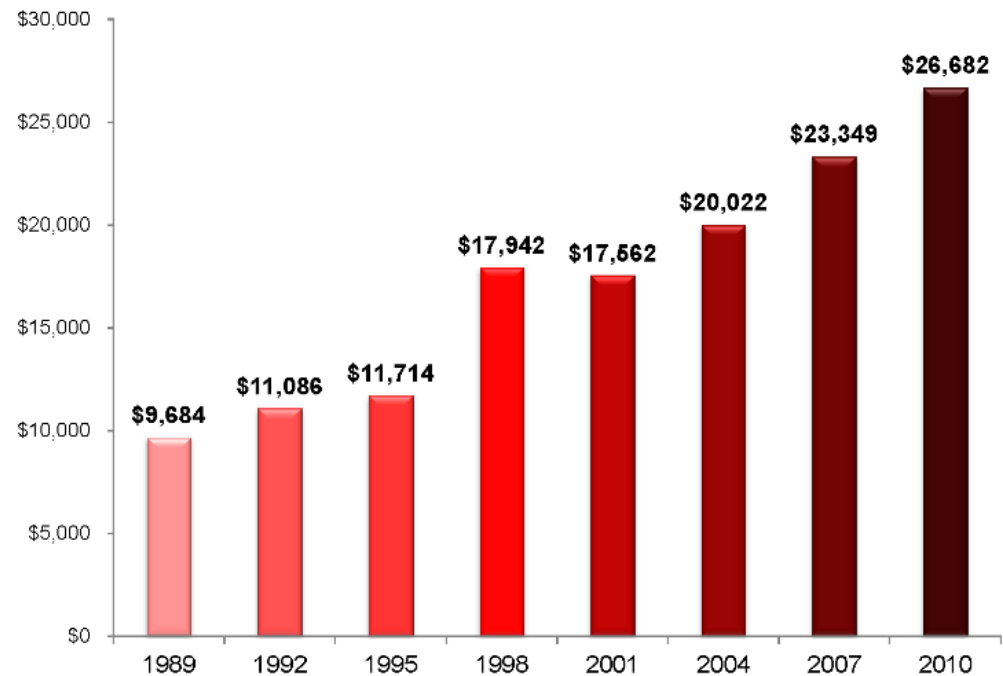
Percentage of U.S. Households with Outstanding Student Debt



Source: Pew Research Center tabulations of Survey of Consumer Finances data

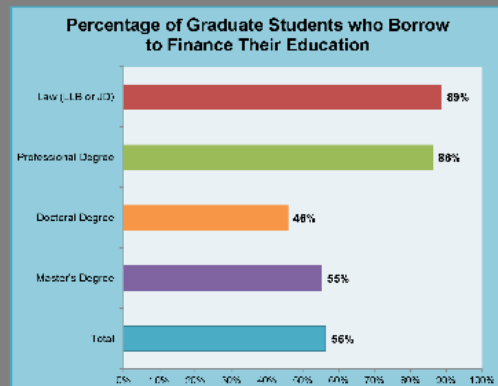
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Average Amount of Outstanding Student Debt among Households with Student Debt

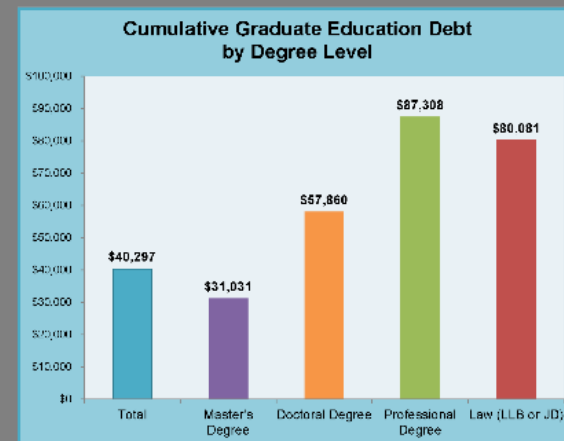


Source: Pew Research Center tabulations of Survey of Consumer Finances data

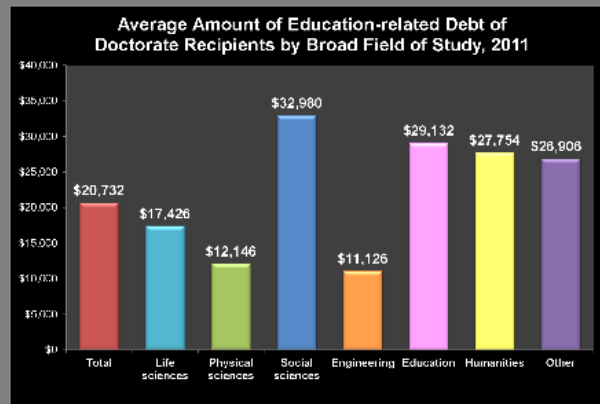
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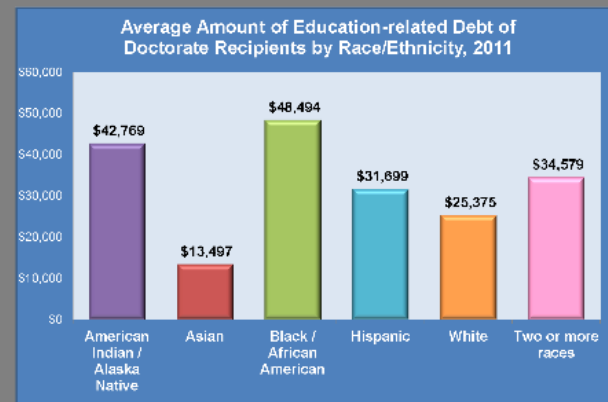
Source: NPSAS 2007/2008 data as seen on FinAid.org



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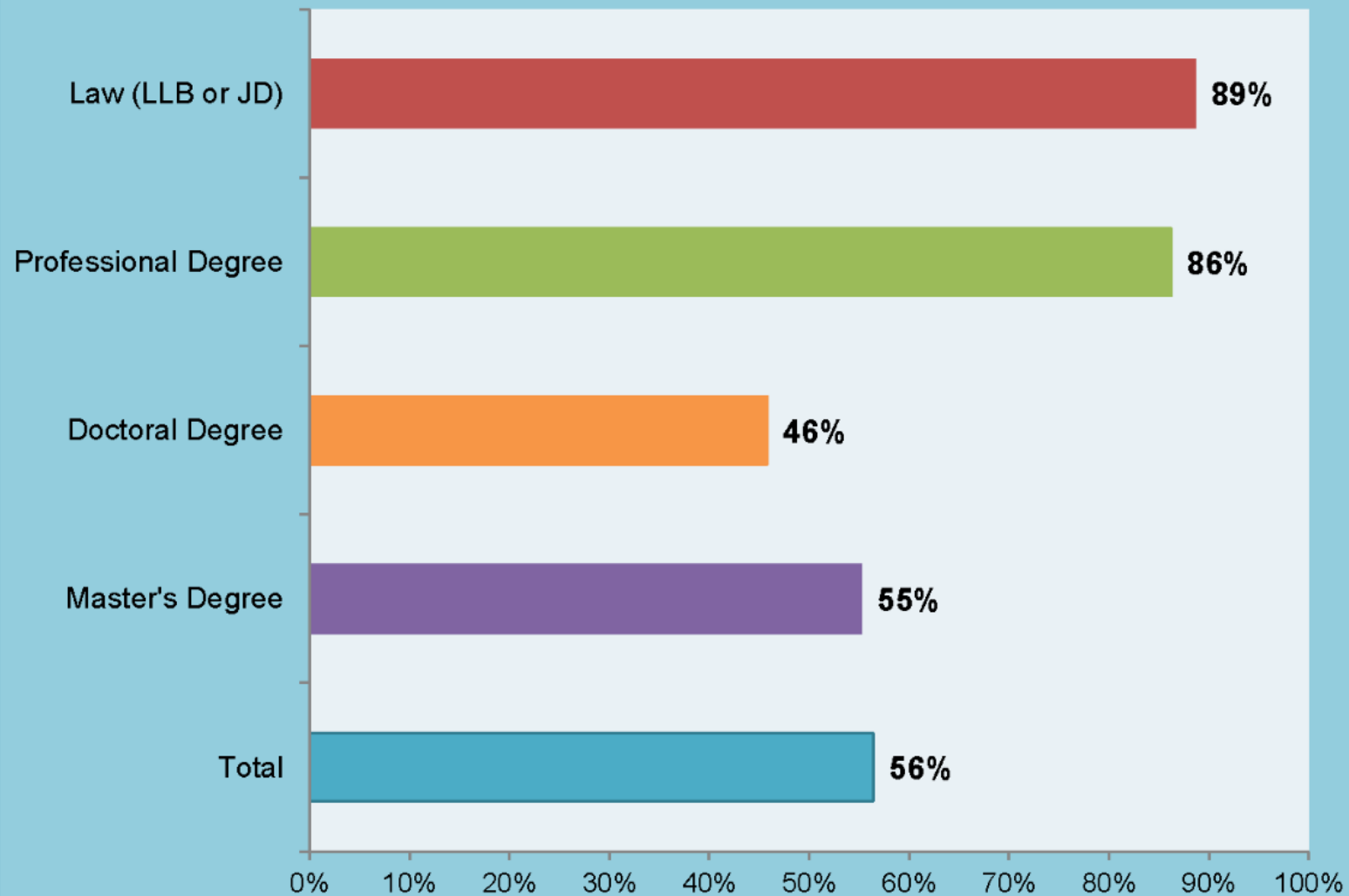


Source: NSF/NIH/USED/USDA/NEH/NASA, Survey of Earned Doctorates, 2011.



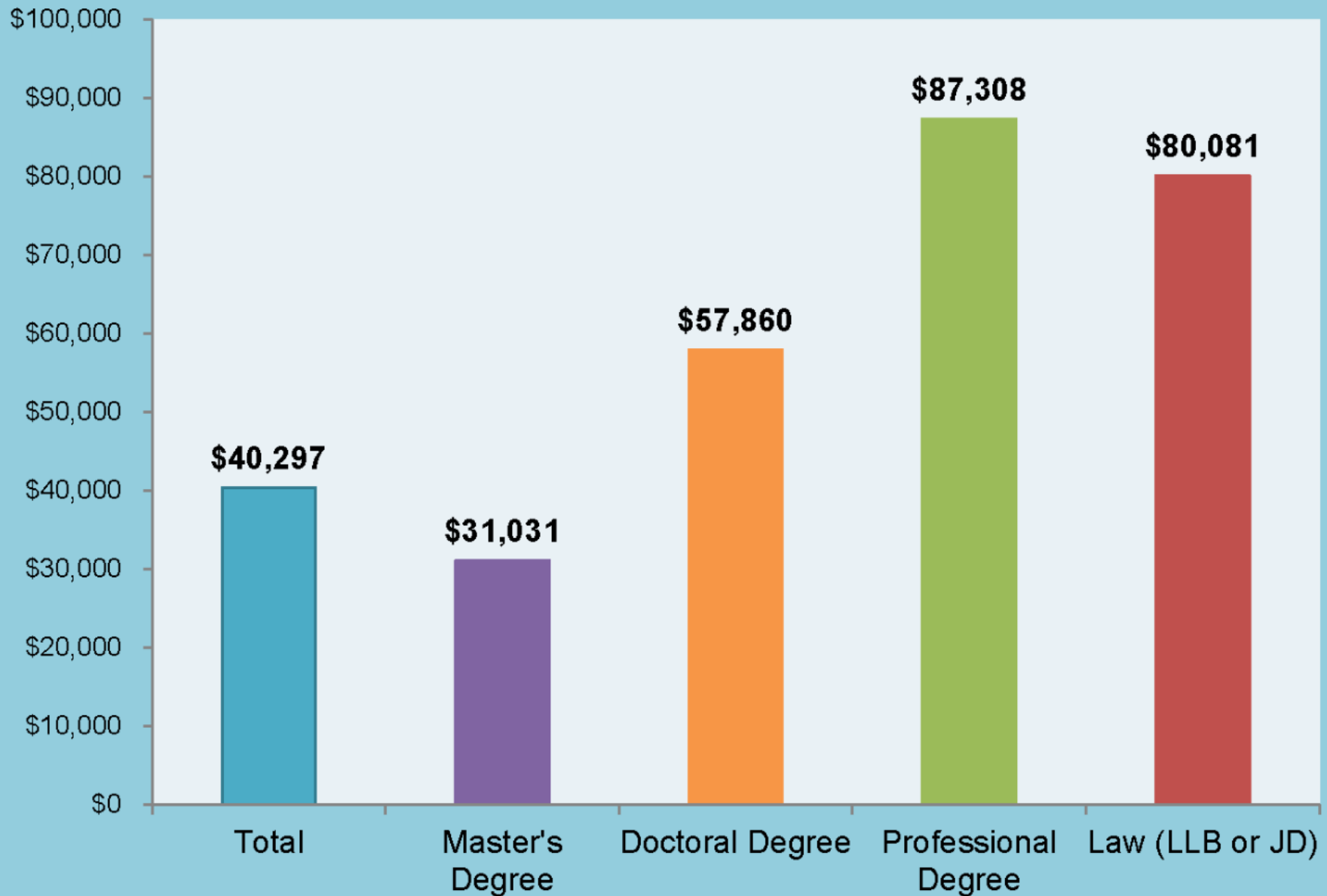
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Percentage of Graduate Students who Borrow to Finance Their Education



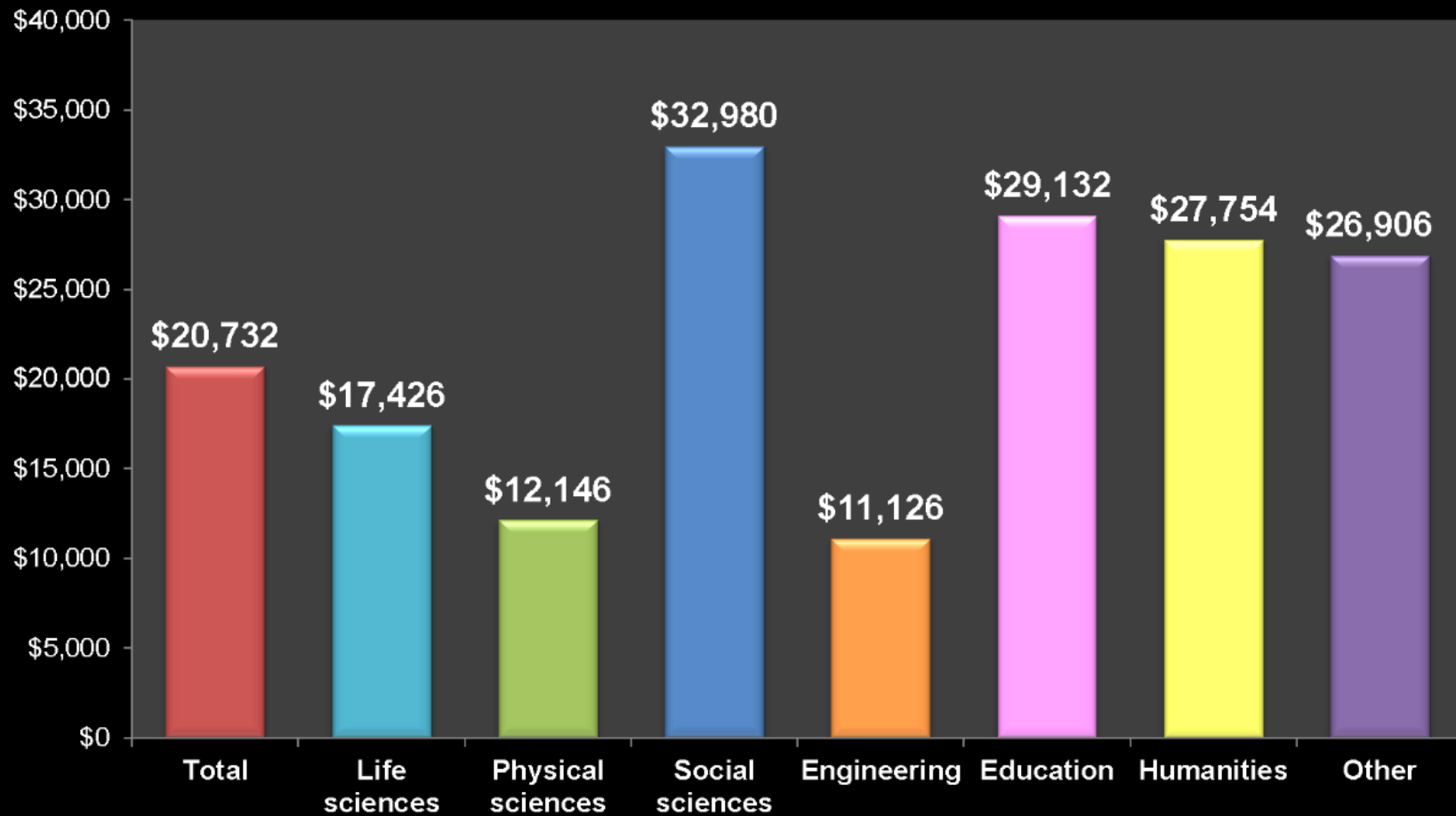
Source: NPSAS 2007/2008 data as seen on FinAid.org

Cumulative Graduate Education Debt by Degree Level



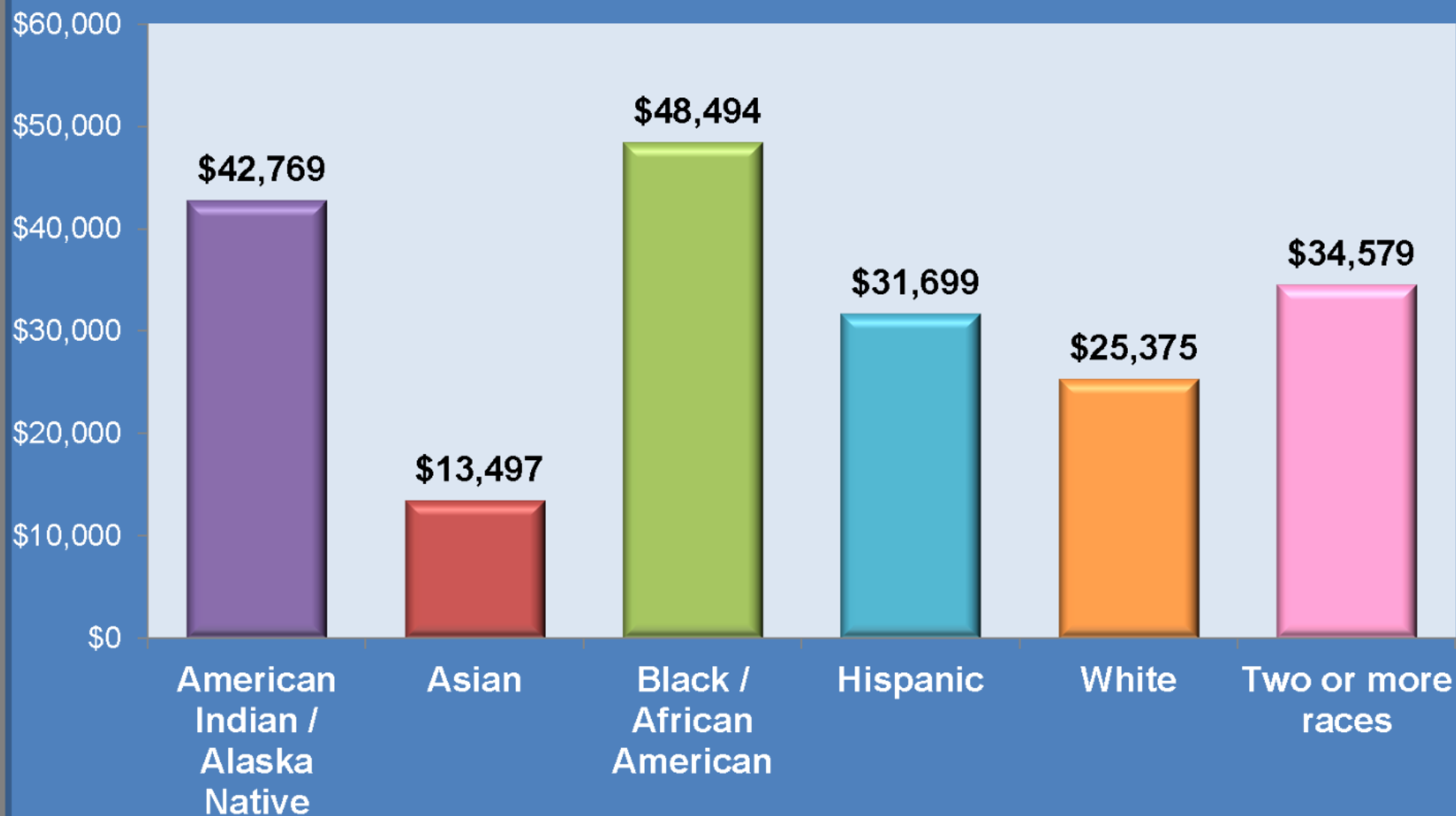
Source: NPSAS 2007/2008 data as seen on FinAid.org

Average Amount of Education-related Debt of Doctorate Recipients by Broad Field of Study, 2011



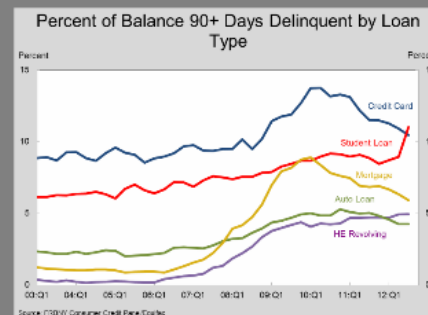
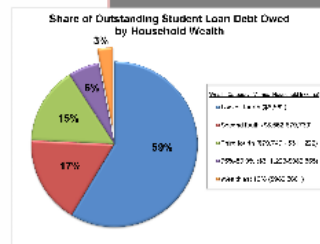
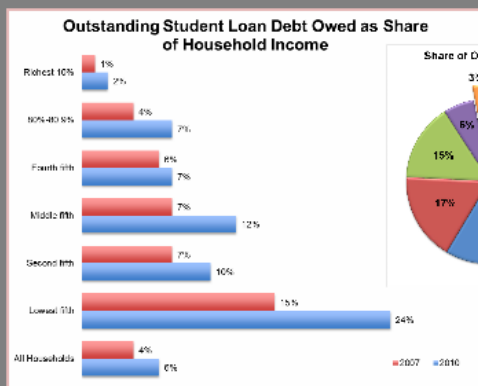
Source: NSF/NIH/USED/USDA/NEH/NASA, Survey of Earned Doctorates, 2011.

Average Amount of Education-related Debt of Doctorate Recipients by Race/Ethnicity, 2011



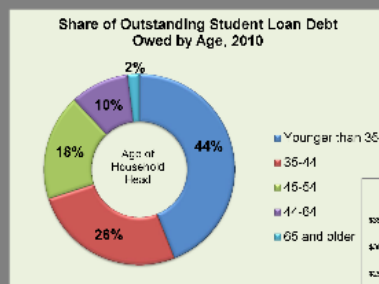
Source: NSF/NIH/USED/USDA/NEH/NASA, Survey of Earned Doctorates, 2011.

The Debt Effect

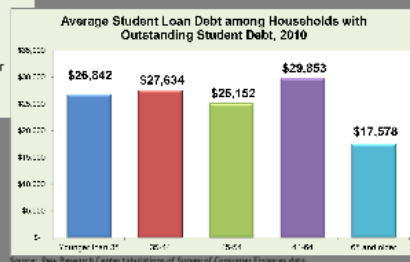


"The student loan 90-day delinquency rate increased to 11% this past quarter and for the first time exceeds the 'serious delinquency' rate for credit card debt."

Benavet, W. (2012, December 6). The looming crisis of student loan debt. CNN



Student loan debt does not discriminate



Delinquency Rates

More than 3.6 million borrowers from over 5,900 schools entered repayment between Oct. 1, 2008 and Sept. 30, 2009, and approximately **489,000** of them **defaulted** before Sept. 30, 2011.

U.S. Department of Education (2011, September). *Default Rates on Federal Student Loans*. Retrieved from <http://www.ed.gov/about/offices/list/oeo/oeo-2011-09-01/default-rates-on-federal-student-loans>

"We continue to be concerned about default rates and want to ensure that all borrowers have the tools to manage their debt...In addition to helping borrowers, we will also hold schools accountable for ensuring their students are not saddled with unmanageable student loan debt."
~U.S. Secretary of Education Arne Duncan.

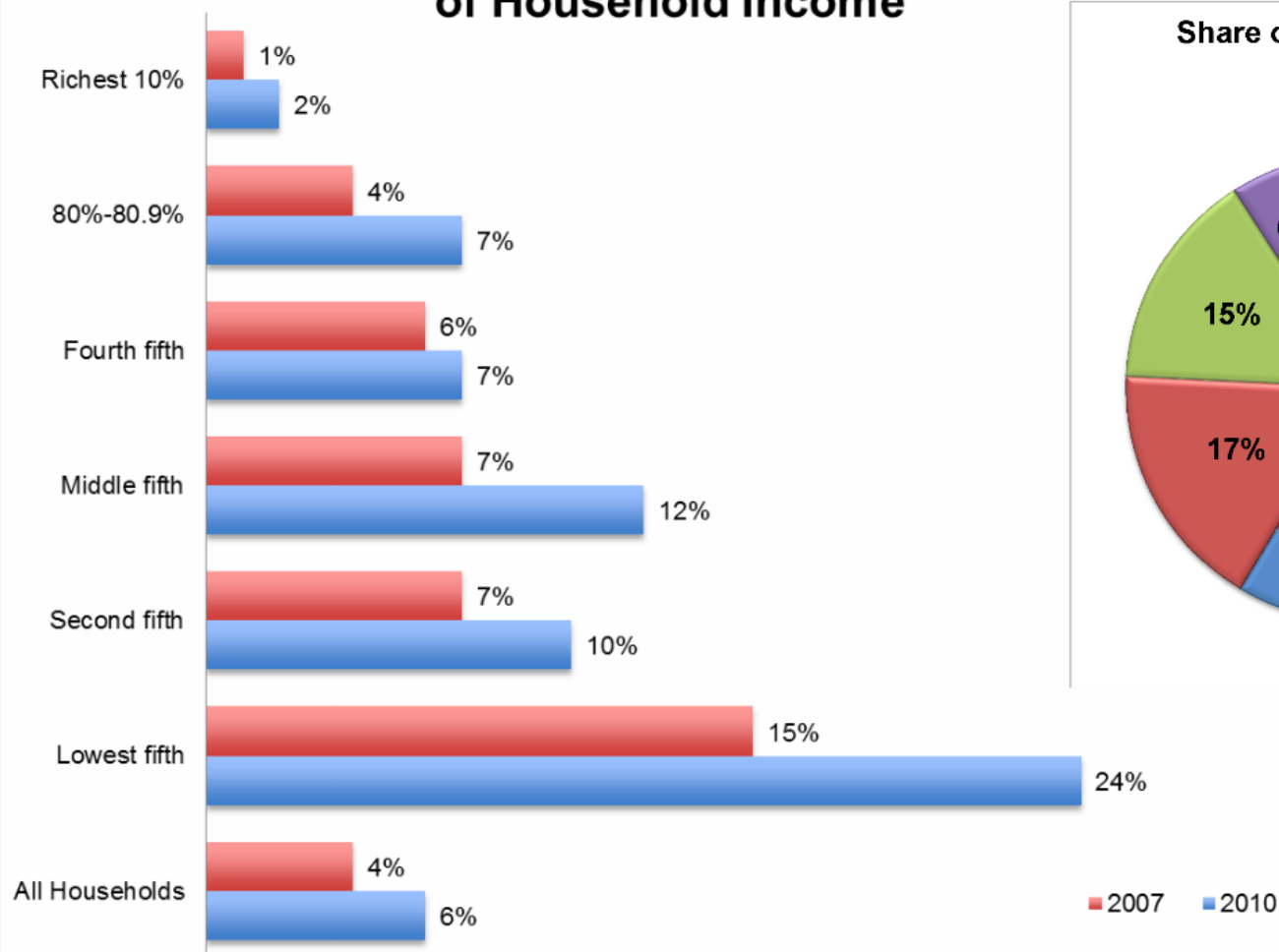
U.S. Department of Education three-year federal student loan cohort default rates.

FY 2008 12.3 percent

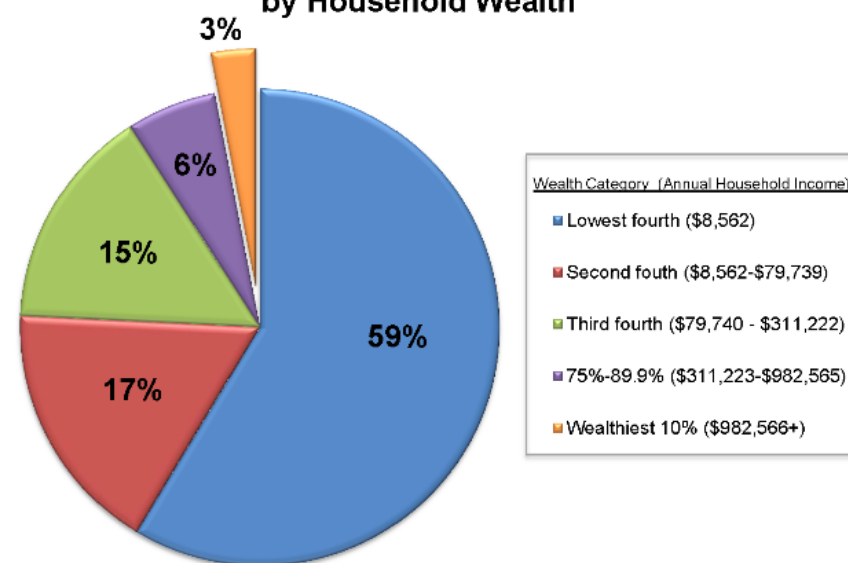
FY 2009 13.4 percent

Default Rates
A 1.1% percentage point increase

Outstanding Student Loan Debt Owed as Share of Household Income

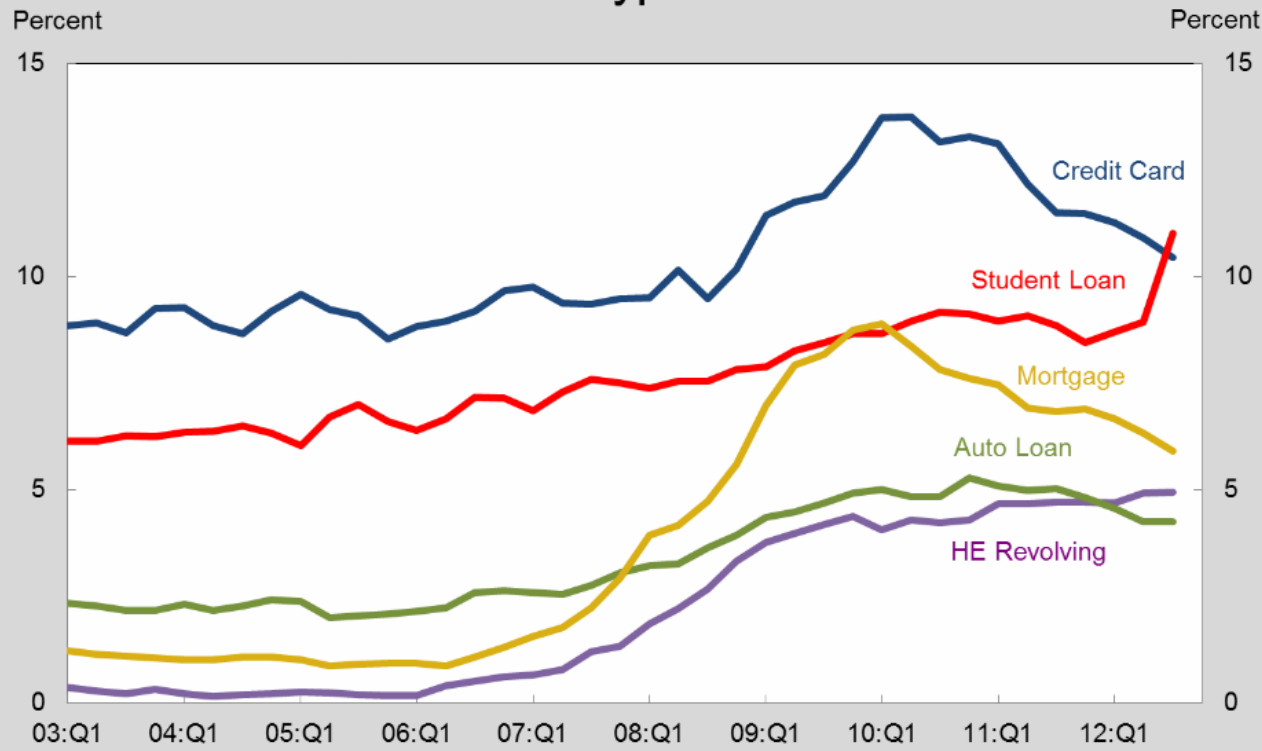


Share of Outstanding Student Loan Debt Owed by Household Wealth



Source: Pew Research Center tabulations of Survey of Consumer Finances data

Percent of Balance 90+ Days Delinquent by Loan Type



Source: FRBNY Consumer Credit Panel/Equifax

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Bennett, W. (2012, December 6). The looming crisis of student loan debt. CNN

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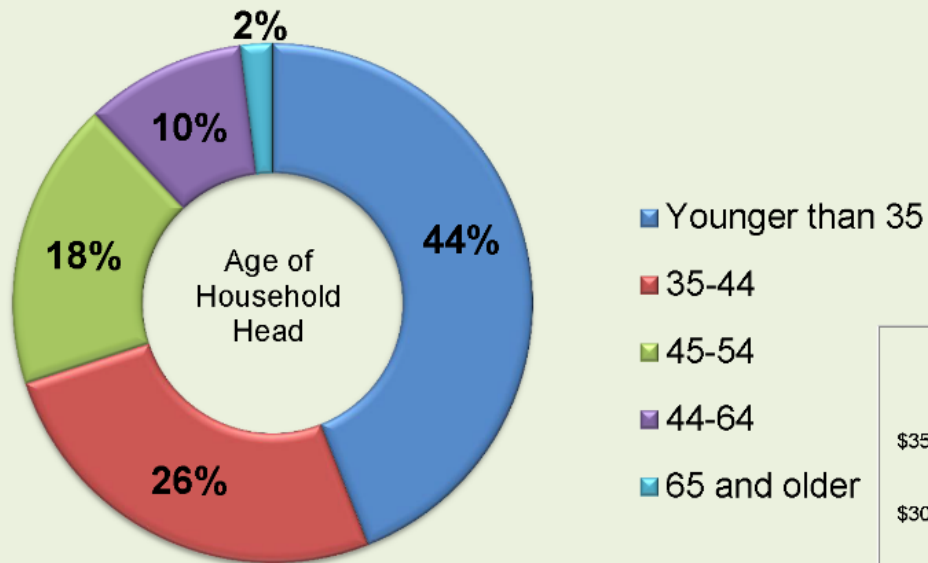
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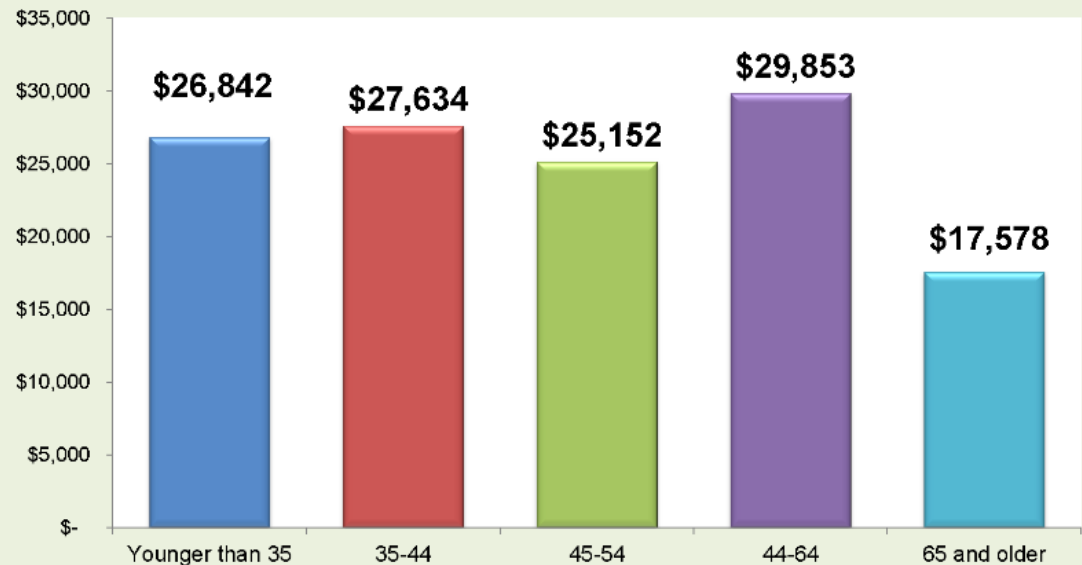
Share of Outstanding Student Loan Debt Owed by Age, 2010



Source: Pew Research Center tabulations of Survey of Consumer Finances data

Student loan debt does not discriminate

Average Student Loan Debt among Households with Outstanding Student Debt, 2010



Source: Pew Research Center tabulations of Survey of Consumer Finances data

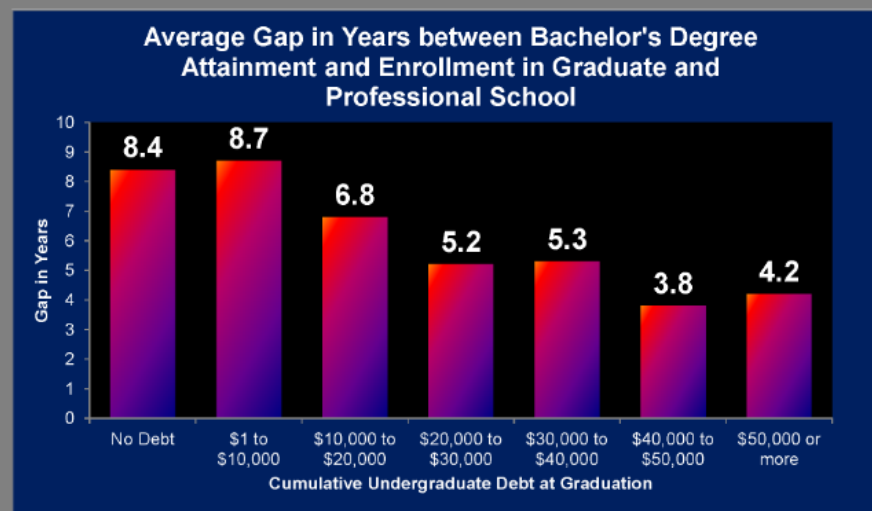
Undergraduate debt affects the graduate education pipeline



The 2011 CGS/GRE Survey of Graduate Enrollment and Degrees found that first-time graduate enrollment declined by 1.7% between fall 2010 and fall 2011, the second consecutive decrease in first-time graduate enrollment, following a 1.1% decrease between fall 2009 and fall 2010.

Allum, J.R., Bell, N.E., Sowell, R.S. (2012). Graduate Enrollment and Degrees: 2001 to 2011. Washington, DC.: Council of Graduate Schools.

"Among Bachelor's degree recipients who are under age 24, those who graduate with **NO** debt are **2.22 times as likely (122% more likely)** to enroll in graduate and professional school while still under age 24."



Kantrowitz, M. (2010). "Undergraduate Debt Causes 'Pipeline Leakage' from Undergraduate School to Graduate and Professional School."

Financial Literacy

Does Financial Education Work?

The 2012 Inceptia Financial Education Survey of nearly 200 U.S. educational institutions found that **44 percent** of schools reported using academically supported methods for delivering financial education on campus.

Students who participate in these activities have been shown to

- **know more** (Fox, Bartholomae, & Lee, 2005),
- **are less likely to be at-risk financially** (Lyons, 2003),
- **and behave more responsibly with their finances** (Fox et al., 2005; Huddleston & Danes, 1999; Tennyson & Nguyen, 2001)

when compared to students who have not been exposed to this type of financial education.

See full report at: https://www.inceptia.org/PDF/Inceptia_FinEdSurvey_Whitepaper.pdf

How Financially Fit are College Students?

From a multi-state study of students from LSU, UGA, University of Illinois at Urbana-Champaign, and the University of Illinois at Chicago

Responses to Financial Fitness Questionnaire

Financial Management Practices	Mean score (1 = always, 7 = never)
I avoid writing bad checks or ones with insufficient funds.	1.27
I pay my rent/mortgage and other living expenses (i.e., phone and utilities) on time each month.	1.35
I pay my credit card bills on time each month and am almost never late.	1.60
I avoid maxing out or going over the limit on my credit cards.	1.43
I avoid spending more money than I have.	1.69
I have little or no difficulty managing my money.	2.26
I pay my credit card bills in full each month to avoid interest charges.	2.29
I balance my checkbook each month.	3.03
I have a weekly (or monthly) budget that I follow.	5.14
I regularly set aside money each month for savings.	5.28

Cude et al. (2006). "College Student and Financial Literacy: What They Know and What We Need to Learn." Eastern Family Economics and Resource Management Association, 2006 Conference.

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SOURCE: Lusardi, A., & Tufano, P. (2009, November). Teach Workers About the Perils of Debt. Harvard Business Review, pp. 24-25.

Sobering Facts

A study by Hartford Financial Services Group shows that only 24% of students deal well-prepared to deal financial challenges after graduation.

The average score college student score on the 2008 JumpStart financial literacy exam was 61%.

84% of students say they need more education on financial management, according to Sallie Mae.

60% have only a vague understanding of their debt, according to TheFreeLibrary.com

62% say their knowledge of credit reports is either fair or poor, according to the Consumer Federation of America.

See more at: <http://www.hartfordfinancial.com/press-releases/2010/06/01/college-student-financial-literacy/>

Source: Sallie Mae, The National Survey of College Seniors, 2009. Results of the 2008 National JumpStart Financial Literacy Exam, 2008. Results of the 2008 National JumpStart Financial Literacy Exam, 2008. Results of the 2008 National JumpStart Financial Literacy Exam, 2008.

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Mandel, L. (2008) "The Financial Literacy of Young American Adults: Results of the 2008 National Jump\$tart Coalition Survey of High School Seniors and College Students".

Trombitas, K. (2011). "Financial Capability Now: Why College Students Can't Wait" Inceptia White Paper

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