

# Student Loans – A Primer



Sponsored by



ONTARIO  
SYSTEMS



Complimentary  
Preview

**Copyright © 2014 insideARM.com. All rights reserved.**

NOTICE:

This is not a free whitepaper. This report is offered for sale by insideARM.com. Purchase of this report entitles the buyer to share this information only among his or her immediate team.

Site licenses or multiple copy discounts are available.

insideARM.com

Phone: 240.499.3834

E-mail: [editor@insideARM.com](mailto:editor@insideARM.com) | Website: [www.insideARM.com](http://www.insideARM.com)

**Legal Disclaimer**

This information contained in this report is not intended to be legal advice and may not be used as legal advice. Legal advice must be tailored to the specific circumstances of each case. Every effort has been made to assure this information is up-to-date. It is not intended to be a full and exhaustive explanation of the law in any area, however, nor should it be used to replace the advice of your own legal counsel.

Complimentary  
Preview

## Introduction: Facts and Figures

2nd

- The student loan market now represents the **second-largest debt pool in the U.S.**

\$1 Trillion

- The amount of unpaid student loan debt in 2013.

\$850 Billion

- The amount of the student loan market that's comprised of federal loans.

### **Unpaid student loans are the highest-growth collections market nationwide.**

The cost of college has skyrocketed over the past decade, largely due to the steady increase of college tuition. State governments and private donors have scaled back on much of the funding for higher education, and unfortunately, students have been left to fill in the gap.

While there are more students graduating from college, more of those young adults are graduating with debt. The 57 percent of bachelor's degree recipients from public four-year colleges who graduated with debt from 2011-12 borrowed an average of \$25,000. That's 22 percent – or \$4,500 more compared to the average debt of the 52 percent of graduates who had education debt ten years prior.

Student loan debt has some interesting characteristics that make it stand out when compared to other types of consumer debt. First, the price tag is usually higher, which can ultimately influence collectors. Second, student loan debt is not dischargeable in bankruptcy; this can lead to a longer collection lifecycle.

Most importantly, the students themselves are a unique group of consumers. They're younger, have fewer assets (and thus a thinner credit file) and often have a co-signer on their student loans. The good news for students is this means there's a lot of potential for long-term improvement. On the other hand, not paying – or defaulting on – student loans can do serious damage to a consumer's credit score, making it difficult to apply for loans or even a mortgage in the future.

On the collection side, pre-collection efforts on student loans are typically less aggressive. Similarly, since students often have a co-borrower on the loan, the talk-off must be more finessed. Also, documentation is usually better for student loans.