

Is Student Debt Your Biggest Retirement Concern? You're Not Alone

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Retirement Rehab



Financial advisors like to discuss how student debt will destroy retirement for Millennials. But they're not the first generation where student debt is a serious retirement concern.

Gen Xers and Baby Boomers who are either near retirement or already retired are carrying a huge load of student debt. According to the [Consumer Financial Protection Bureau \(CFPB\)](#), the number of consumers 60 or older with student loan debt has quadrupled in the past decade. That's faster than any other age segment.

What's Going On?

So if you're in your 50's or 60's and student debt is a big retirement concern, you're definitely not alone. In 2015, older consumers owed an estimated \$66.7 billion in student loans.

Thanks to the financial crisis, saving for retirement has become difficult already. Saving and overcoming crippling student debt at the same time? Almost impossible.

How Did We End Up With So Much Debt?

It could be a couple of reasons. For one, Millennials with MBAs are rolling off the production line, entering the workforce and agreeing to do corporate jobs for less. Some Gen Xers worry about losing their job if they don't match the competition in education. So they go back to school, accrue a pile of debt, and realize after they only have about 15 years to pay it off before retirement.

The CFPB blames the kids and grandkids for growing debt among older people.

In 2014, 73 percent of older student loan borrowers said they owed for their child or grandchild's education. Only 27% reported it was for themselves or their spouse.

So Gen Xers are either taking out loans for their kids or co-signing to help them out.

What's The Impact?

As a generation, are we making enough money to offset the student debt we've incurred? It doesn't look like it: Late and missed payments by older borrowers have increased since 2005.

Nearly 40% of federal student loan borrowers age 65 and older are in default.

And what many pre-retirees might not realize is that unpaid student loans can impact their Social Security benefits. Not too many older borrowers have had their government benefits garnished to repay student loans, but the number is growing. In 2005, only about 8,700 lost their benefits— in 2015, it's grown to 40,000.

It looks like student debt should be your biggest retirement concern, because it can impact overall savings as well. Near retirement households (age 50-59) with outstanding student debt have less saved for retirement than their debt-free counterparts.

What Happens Next?

I don't think we need to wait until the Millennials approach retirement before student debt becomes a crisis. It's already upon us this decade, and we're just starting to see the impact.

If student debt is your biggest retirement concern, there is something you can do about it. [First and foremost, cut out the debt.](#) Tell your kids to get a job during college, or risk relying on them during retirement.

Next, eliminate your debt and make up your lost retirement savings. That will take some creative thinking, but you have options.

What You Can Do

Reduce your living expenses pre-retirement — Most people wait until retirement to downsize, but for you the time is now.

Make smart investments — Look for low risk investing options that will help you grow your nest egg before and after retirement.

Develop a new stream of income — Start a business or purchase an existing one to boost your income. Keep your job and gain financial freedom in the process.

To learn more about different ways to address your retirement concerns, read more on the blog and join our community.

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