

# Report Documents How Older Americans are Increasingly Pushed into Poverty Due to Seizure of Social Security Benefits to Pay Defaulted Student Loans

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## Advocates Call on Congress to End Draconian Collection Tactics

(BOSTON) Americans aged 65 and older are increasingly vulnerable to having their Social Security benefits seized by the federal government to repay defaulted student loans, threatening their wellbeing, according to a new report by the National Consumer Law Center, *Pushed into Poverty: How Student Loan Collections Threaten the Financial Security of Older Americans*, documents that this collection method is needlessly pushing older borrowers into poverty, as noted in several desperate older borrowers' stories, and calls on Congress to eliminate the practice.

"The federal government's seizure of Social Security benefits is causing many older Americans great harm, as they forgo prescription medications or necessary medical care," said Persis Yu, author of the report and director of the National Consumer Law Center's Student Loan Borrower Assistance Project. "And older borrowers of color are at greater risk than white borrowers due to higher dependency on Social Security as their only source of income. Congress must act to protect vulnerable older student loan borrowers and end Social Security offsets."

According to the Consumer Financial Protection Bureau, the number of consumers aged 60 and older with student loan debt has quadrupled over the last decade. And last year, data from a U.S. General Accountability Office report showed that nearly 40 percent of federal student loan borrowers age 65 and older are in default. Older borrowers who carry student debt later into their lives often struggle to repay or have defaulted on their loans, making these borrowers vulnerable to the government's draconian collection tactics and leaving them struggling to afford basic living needs.

In particular, the federal government has the power to seize a portion of a borrower's Social Security benefits to repay sometimes decades old student loans. Although there are rules designed to protect a portion of the recipient's benefits, the dollar amount protected is grossly insufficient (\$750 a month or just \$9,000 per year) and has not changed since 1996, more than 20 years ago.

Senators Ron Wyden (Ore.) and Sherrod Brown (Ohio), along with ten other Senators, recently introduced Senate Bill S. 959, the Protection of Social Security Benefits Restoration Act. This bill would prohibit the government from garnishing borrowers' Social Security disability and retirement checks to pay for defaulted student loans. "We applaud Senators Wyden and Brown's leadership on protecting older student loan borrowers. The borrowers we hear from who are struggling to repay their loans feel like there is no end in sight," said Yu. "Hopefully, older borrowers will soon see a light at the end of this dark tunnel."