

Older Americans Still Holding On To Student Debt - Financial Planning

There are now about 8.5 million Americans over the age of 50 that are still paying off student loans, representing the fastest growing amount of debt among student borrowers since 2017.

The U.S. Department of Education tracks student debt held by all age groups and found that higher imposed interest rates and forbearance increased debt burdens significantly. Most loans came with a 10-year repayment plan but many were refinanced with extended terms. A moratorium on debt payments due to the pandemic is scheduled to end September 30th, unless Congress extends the moratorium.

Even though interest paid on student loans is tax deductible, many borrowers are hitting deduction phaseouts at \$140,000 for joint filers and \$70,000 single filers. Since older borrowers earn more, limitations on interest deductions primarily affect those 50 and older.

Retirees entering social security benefit payment years and still owe student debt may have loan payments deducted directly from social security payments.

Source: U.S. Department of Education

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