

The Association of Student Loan Balance and Student-Borrower Financial Stress

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As the cost of obtaining an undergraduate college degree increases every year, students find themselves accruing significant amounts of debt on the brink of adulthood. This study investigates how student loan debt and student financial stress are associated with expected starting salary and perceptions about college investment. The main research questions are: What segments of student borrowers can be identified based on student loan borrowing and financial stress? To what extent can be expected starting annual salary after graduation and perceptions about the college investment predict these segments of student loan borrowers? Which demographic and socioeconomic factors influence these segments of student loan borrowers?

The data for this study is provided by The Ohio State University's 2020 Study on Collegiate Financial Wellness. Findings show that students are more likely to be in the high student-loans, high financial stress segment if they are further along in their degree program, aren't awarded scholarships, and did not take a financial class in high school. Perceptions of college being a good investment were also associated with the student loan borrower segments.

This study uses new data to improve the understanding of student loan borrowing and its predictors.

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