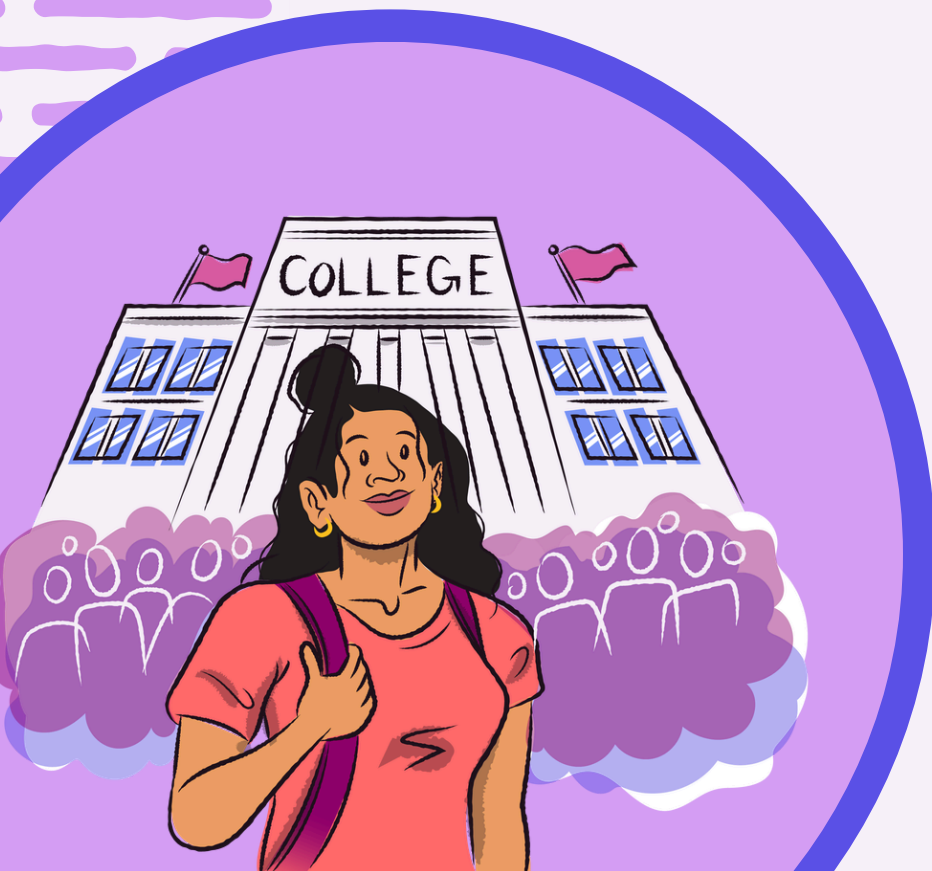


THE RETURN OF STUDENT LOAN REPAYMENT:

What it means for young borrowers in today's economy



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ACKNOWLEDGEMENTS

This research was led by Maya Pendleton, Senior Research Manager at SaverLife. This brief was authored by Maya Pendleton with support from the SaverLife team, including Kennan Ceba, Director of Research and Policy, Rebekah Collinsworth, Senior Director of Brand and Communications, and Leigh Phillips, President and CEO. We want to thank our members for their contributions and insights; none of this work is possible without them.

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INTRODUCTION

Like many young adults, SaverLife member Kat spends her free time dancing, watching her favorite shows, and playing video games. But her path into adulthood is shaped by the student debt she took on during college. “I stayed on campus for as long as I could,” she says. “The only reason I left was because they hit me with a bunch of fees one semester, and I couldn’t get any more loans to cover it, so I had

no choice but to leave... I had already taken out a loan the previous semester on top of the loans included in my financial aid, so I didn’t have any more money to give them. I just called my dad and said, ‘Hey, I’ve got to come home.’”

Today, when Kat thinks about her future, she focuses on being intentional — finding the right balance between paying down debt and attending social gatherings with friends. For Kat, this is the reality of carrying student debt and the limitations that come with it.

It’s a burden that dictates her day-to-day decisions and influences how she thinks about her long-term financial health.

Young adulthood is supposed to be a launching pad — a time when people begin taking their first real steps toward financial independence, stability, and long-term goal setting. Instead, for many 18 to 24-year-olds today, young adulthood feels less like a launch pad and more like shaky ground.

For the first time since 2020, required student loan payments resumed in 2025, reintroducing a significant recurring financial obligation in an already financially trying time for young borrowers. Student debt has long been a source of financial strain, and new repayment rules have shifted in ways that may make repayment more difficult — particularly for young adults with low-to-moderate incomes.

This brief examines how mounting affordability challenges are already making student loan payments challenging for SaverLife members to manage, and how new repayment rules will compound that strain. It also offers recommendations to ensure that young adult borrowers have an opportunity to build financial momentum rather than falling further behind at the start of their financial lives.



ABOUT OUR APPROACH

Between July and October 2025, SaverLife fielded a survey of young adult members ages 18 to 24, focusing on their experiences with debt and financial circumstances.* Key demographic characteristics of young adult members who completed the survey (n=155) are summarized below:

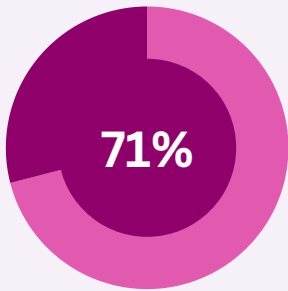
- Forty-five percent reported holding at least one type of debt, and 57% of those in debt reported having federal or private student loan debt.
- Forty-eight percent reported annual incomes below \$25,000, and almost 80% earned less than \$50,000.
- They reported mixed employment
 - 39% work full-time
 - 20% work part-time
 - 24% are currently unemployed
- The majority identified as women and reflected a range of racial and ethnic backgrounds:
 - 41% of members identified as Black or African American
 - 31% as White
 - 12% as Hispanic or Latino
 - 7% as Asian or Pacific Islander
 - 7% as Bi-or Multi-Racial
 - 3% prefer not say
- They reported varied educational attainment:
 - 34% have a high school diploma
 - 21% have attended some college
 - 20% hold a bachelor's or associate degree
 - 10% are currently enrolled in a four-year college or university
 - 8% have completed some high school
 - 6% have a graduate degree

SaverLife also conducted eight in-depth qualitative interviews with young adult members to better understand their financial circumstances and experiences with debt. Those who participated in research interviews were selected from amongst those who completed the survey and reported that they currently held debt. Those who participated in these research interviews reflected the demographic and financial composition of those who completed the survey.

*Throughout this report, when we refer to young adult members, we're referring to those who completed this survey.

GOING WITHOUT: HOW YOUNG ADULTS ARE PRIORITIZING STUDENT LOAN PAYMENTS UNDER PRESSURE

Trying to figure out how everything will be paid for is stressful for anyone, but especially for young adults who are just finding their financial footing and independence. In fact, 71% of young adult members told us they worry at least some of the time about covering basic necessities like food, rent, and transportation.



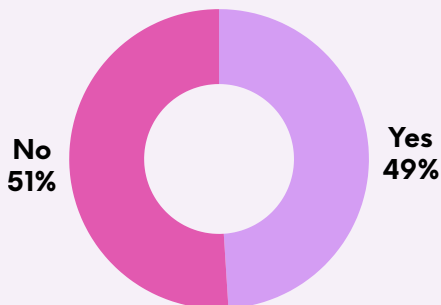
Percent of young adult members who worry at least some of the time about covering basic necessities.

A 21-year-old member from Georgia describes how keeping up with student loan payments makes it difficult to afford basic necessities like groceries: "Sometimes if I pay my student loans and all of my bills, I have to get less groceries when I go to the grocery store."

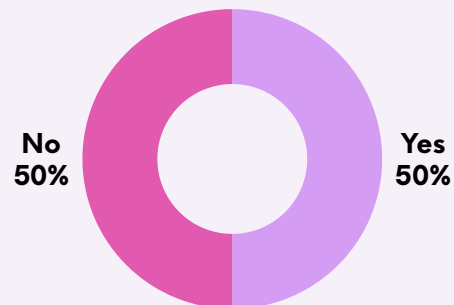
This member is not alone in making hard tradeoffs. When asked whether members with student loan debt had ever made financial trade-offs because of their student loan payments, nearly half reported going without food, medicine, or other necessities because of their student loans. Additionally, half of members said they had deferred payments on their bills, loans, and other financial obligations in order to afford student loan payments (Figure 1).

FIGURE 1: FINANCIAL TRADEOFFS MADE TO AFFORD STUDENT LOAN PAYMENTS

Share of young adults going without necessities due to student loan payments



Share of young adults who deferred payments on bills or other obligations

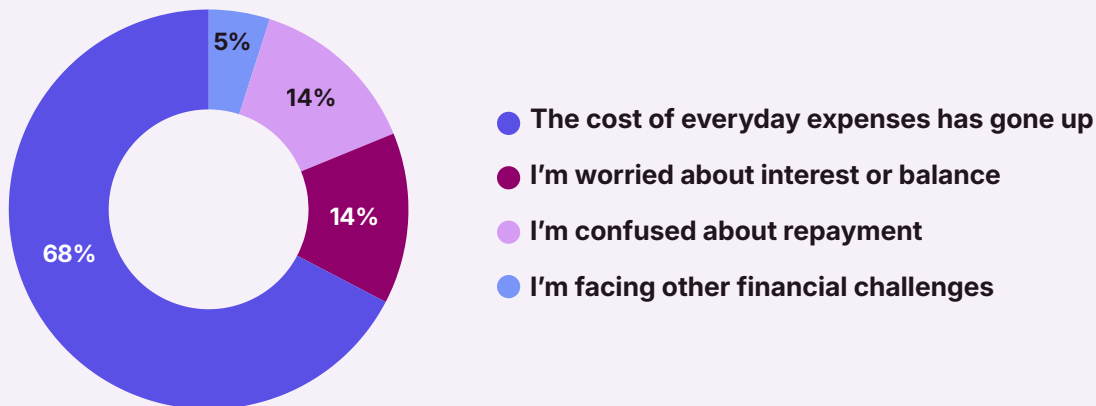


Source: 2025 Young Adult Debt Survey, fielded July to October 2025. Responses from the survey question: "Have you ever done any of the following because of your student loan payments?"

STRETCHED THIN: THE VICIOUS CYCLE OF RISING COSTS AND STUDENT LOAN DEBT

For many young adults, it's a vicious cycle: student loans stretch their finances thin, and higher everyday costs make it harder to get ahead on their debt. Fifty-nine percent of members reported that student loan debt has become a bigger source of stress over the past year. Among those, 68% said the main reason for that is "the cost of everyday expenses has gone up" (Figure 2).

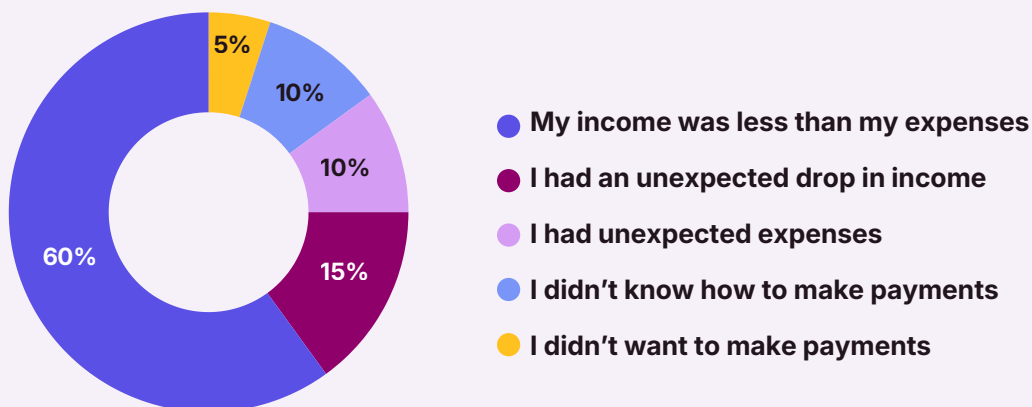
FIGURE 2: RISING COST OF LIVING DRIVES INCREASED STUDENT LOAN STRESS



Source: 2025 Young Adult Debt Survey, fielded July to October 2025. Responses from the survey question: "What is the main reason they [student loans] have become more stressful?" Percentages may not total 100% due to rounding.

Every day, affordability pressures are making it harder for borrowers to keep up with their payments. More than half of members with student loan debt reported struggling to make their monthly payments. When asked why, 60% say their expenses outpace their incomes, underscoring how broader cost pressures compound repayment challenges (Figure 3).

FIGURE 3: EXPENSES OUTPACE INCOME FOR MANY YOUNG ADULTS STRUGGLING WITH STUDENT LOAN PAYMENTS

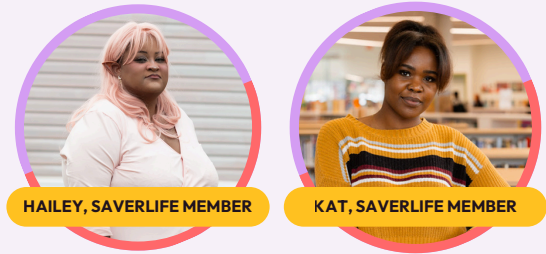


Source: 2025 Young Adult Debt Survey, fielded July to October 2025. Responses from the survey question: "Which of the following reasons best describes why you most recently had difficulty making payments?"

OUR MEMBERS, THEIR VOICES

To understand the real-world implications of debt, young adult members shared their stories about how student loan debt intersects with — and often complicates — their broader financial health journeys.

Read [Kat's story](#) and [Hailey's story](#).



**Kat and Hailey's stories were collected through our member storytelling work, which is independent from the interviews collected as part of this project.*

THE RETURN OF REPAYMENT: NEW RULES, NEW CHALLENGES

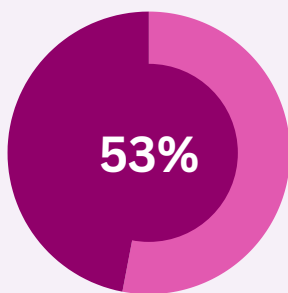
Changes to student loan payment structures fundamentally restructure federal student loan repayment, replacing income-driven safeguards with a more rigid framework that requires all borrowers to make monthly payments.

WHAT'S CHANGED WITH STUDENT LOAN REPAYMENT?	
H.R.1, or the One Big Beautiful Bill Act (OBBBA), was signed into law in July 2025. Changes to student loan repayment go into effect after July 1, 2026.	
Student loan repayment before July 2026	Student loan repayment after July 1, 2026
<ul style="list-style-type: none"> Plans allowed certain borrowers with low or no income to qualify for \$0 monthly payments. The SAVE repayment plan lowered monthly payments for many borrowers and created a faster path to loan forgiveness. Nearly eight million borrowers enrolled in the SAVE plan have been stuck in a forbearance since July 2024 due to legal challenges. 	<ul style="list-style-type: none"> Income-driven Repayment (IDR) plans will be replaced by a new Repayment Assistance Plan (RAP). RAP increases monthly payments for borrowers. Requires that all borrowers, regardless of income, pay at least \$10/month toward their student loans.

As SaverLife's research has shown, even before the new repayment plans were implemented, many young adults were struggling to afford both basic needs and student loan payments.

One 21-year-old member living in Georgia with \$25,000 in student loan debt describes how repayment would feel more manageable if monthly payments were lower: "If they decreased the amount, that would definitely help. Paying \$197 a month feels extreme – if it were closer to \$75 a month, that would make a huge difference for me."

More than half (53%) of young adult members report low or no confidence in their ability to afford student loan payments going forward, and the data help explain why. Even under the previous repayment system, their monthly student loan payments exceeded recommended affordability thresholds. Young adult members' loan payments account for 11% of their household monthly budgets, surpassing the recommended 10% threshold. And recent data shows that Generation Z borrowers (under 25) put an average of 30% of their income toward student loan repayments. If SaverLife's young adult members are struggling when loan payments consume 11% of their monthly household budgets, Gen Z borrowers putting nearly a third of their income toward student loans are likely facing an even more severe affordability challenge.



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REPAYMENT CHANGES AND AN UNCERTAIN FUTURE FOR YOUNG BORROWERS

After July 1, 2026, updates to income-driven repayment plans as part of H.R.1 have the potential to worsen the affordability crisis for young adult student loan borrowers. These updates are anticipated to increase monthly payments for many and will start requiring minimum monthly payments for all borrowers, regardless of income. Federal involuntary collection tools, such as wage garnishment and tax refund offsets, were paused during the pandemic-era payment suspension and currently remain on hold as the government implements new repayment plans.

H.R. 1 also imposes new caps on borrowing, which could push students and families into the even more expensive private student loan market -- and deny many low-income students a pathway to college. Although officials have not announced a definitive timeline, absent further policy action, these tools (like wage garnishment and tax abatement) are widely expected to resume – creating uncertainty for borrowers already facing affordability challenges.

WHAT'S NEXT

Analyses suggest that monthly payments will increase for many people under RAP compared to previous IDR plans. For example, an analysis from The Institute for College Access & Success found that a single borrower earning \$57,000 annually would pay \$238 per month under RAP, compared to \$140 under prior plans.



These changes risk worsening a repayment system that has already struggled to work well for many young adults. SaverLife's research indicates that missed payments are frequently driven by income falling short of essential expenses, not unwillingness to repay. Reinstating punitive collection measures in this context would likely deepen financial instability for young adults already struggling to meet basic needs, without addressing the underlying causes of nonpayment. More durable reform would focus on:

- **Ending wage garnishment for struggling borrowers.** Research shows that garnishment would eliminate roughly half of the typical borrower's discretionary income, leaving many with little financial cushion and forcing some to cut back on essential spending or fall behind on other bills. In today's affordability crisis, these impacts would further destabilize young adults who are already struggling to make ends meet.
- **Adjusting repayment calculations for inflation.** Current RAP formulas do not adjust repayment thresholds for inflation. As the cost of living rises, this can gradually increase the share of income borrowers must devote to student loan payments, even if their earnings have not increased in real terms. Ensuring that repayment formulas account for inflation can help prevent borrowers from facing rising payment burdens simply due to changes in the value of money.
- **Strengthening income protections in repayment calculations.** Young adults with student loan debt often struggle to make payments while facing high living costs. Protecting a larger share of income from repayment calculations can help ensure that young adults are not forced to choose between paying their loans and meeting basic needs.

Without adjustments that reflect borrowers' economic realities, many young adults will continue to face repayment obligations that compete with their ability to meet basic needs at a critical stage of adulthood. A repayment system that exceeds what borrowers can realistically pay risks undermining the very economic mobility it is meant to support. While the recommendations above focus on improving repayment within existing structures, SaverLife's findings point to deeper structural challenges that limit the effectiveness of even well-designed plans. As a result, longer-term approaches, such as widespread debt cancellation, remain necessary to fully address this gap. Creating a student loan repayment system that considers borrowers' financial health would provide young adults with the support they need to build toward longer-term security.