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**HB 1562 Action to Collect a Private Education Loan - Required Documents  
SUPPORT  
House Economic Matters Committee  
March 4, 2020**

Good Afternoon Chairman Davis and Members of the House Economic Matters Committee. I am Tammy Bresnahan, Director of Advocacy for AARP MD. As you know, AARP Maryland is one of the largest membership-based organizations in the Free State, encompassing almost 900,000 members.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

HB 1562 would specify important protections to those responsible for repaying private education loans (often senior citizens on limited incomes) from private education lender practices that would compromise the financial security of those individuals. It would require lenders to communicate directly with borrowers regarding repayment and provide them with an explicit set of documents regarding those loans. The bill would offer an avenue for borrowers to discharge their loan and avoid collection and/or garnishment of wages.

Student debt can directly affect retirement income, as those senior cosigners who default on federal student loans are subject to Social Security "offset" (or garnishment). The number of people whose Social Security was offset to pay off a defaulted federal student loan more than quadrupled between 2005 and 2015, from 8,700 to 40,000.

Older Americans primarily help others pay for college through two types of loans: taking out a Parent PLUS federal loan directly from the federal government and cosigning a private student loan. Parent PLUS loans can be taken out for up to the full cost of attendance. They require a credit check, but they are not underwritten for affordability. As a result, some parents find that they are unable to afford payments and face potential default. A 2017 AARP survey of people age 40 and older who had taken out loans to help others go to school (or had repaid such a loan in the prior five years) found that 40 percent of Parent PLUS borrowers who have reached the repayment stage have shown signs of distress. These include making at least one late payment (20 percent), making at least one partial payment (20 percent), contacting the loan servicer about lowering the monthly payment (15 percent), and missing at least one payment (15 percent).

Real Possibilities

AARP has a long history of fighting for protections against elder financial exploitation and has been on the forefront of advocacy in support of federal and state laws and regulations that prevent this type of abuse.

AARP believes that States should enact and enforce laws that:

1. Ensure that people who seek to take out or cosign student loans receive clear information on their responsibility for repaying the loan. Once they are required to repay a loan, they should be able to choose among affordable repayment options with consumer protections, including seamless access to income-driven repayment plans for federal loans.
2. Both increase public investment and provide robust oversight and regulation in higher education to:
  - a. Facilitate cost containment
  - b. Ensure transparency, and
  - c. Prohibit higher education institutions, loan originators, student loan servicers, and student loan debt collectors from engaging in unfair, deceptive, or abusive practices.

AARP supports HB 1562 and respectfully requests the Economic Matters Committee issue a favorable report. For questions please contact Tammy Bresnahan at [tbresnahan@aarp.org](mailto:tbresnahan@aarp.org).