

Borrowing Against Our Futures: How Recent College Graduates Navigate Loan Repayment

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ABSTRACT

Student loan repayment can impact individual's financial outcomes and well-being. Life course theory suggests these impacts may result from how loan repayment interacts with life events, transition periods, and broader context in an individual's life. This paper highlights the experiences of recent college graduates as they navigate entering loan repayment simultaneously with other life changes after college graduation. Many borrowers in our study entered repayment as the COVID-related payment pause ended. In addition to these federal policy changes, borrowers in our study experienced profound changes in their employment status, health, and social lives after graduation. As time passed, these life changes and external policy contexts grew more salient, leading to changes in borrowers' repayment goals.

Keywords: loan repayment, college graduates; student loans; borrowing

Student loan repayment significantly shapes borrowers' postgraduate lives. A substantial amount of scholarship demonstrates how student loan debt impacts individuals' economic outcomes and mental well-being (for reviews, see Sinha et al., 2024; Yannelis & Tracey, 2022). For example, expectations of loan repayment can influence borrowers' career choices, steering them towards higher paying occupations (Field, 2009; Murto 2024; Rothstein & Rouse, 2011). In addition, increased debt burdens associated with higher tuition costs have been linked to lower

homeownership rates (Mezza et al., 2020). Beyond financial outcomes, managing student loan repayment can shape interpersonal relationships within families (Stivers & Berman, 2020); influence expectations of family formation (Houle & Addo, 2022; Napolitano et al., 2022); and affect broader socio-emotional well-being (Sinha et al., 2024).

Recent scholarship has also highlighted ways that borrower characteristics and external circumstance mediate the relationships between loan debt, repayment, and borrowers' postgraduate lives. Borrowers' social class background (Napolitano et al., 2022); race (Houle & Addo, 2019); higher education sector attended, degree attainment, degree type (Mezza et al., 2020); and debt amount (Velez et al., 2019) may all mediate borrowers' loan repayment. Understanding how student loans influence borrowers' life outcomes is thus one that requires recognition of the nuance and interplay across multiple facets of borrower identity, aspirations, values, and life circumstances.

Life course theory provides one lens for considering the interplay between student loan debt and outcomes such as family formation, living situations, and loan repayment status (Furquim et al., 2022; Houle & Addo, 2019; Napolitano et al., 2022). Life course theory posits that an individual's life trajectory results from individual choices as well as historical, social, and structural constraints (Elder et al., 2003). And, transition periods, such as graduating from college, can be foundational to later life outcomes (Elder, 1998; Hutchison, 2025; Settersten & Ray, 2010; Shanahan, 2000). Transition periods and what happens during those periods may closely connect with an individual's relative social position and accumulate (dis)advantages, potentially widening a socioeconomic gradient over time (Dannefer, 2020; DiPrete & Eirich, 2006; Elder et al., 2003). Student loan repayment typically occurs over many years, overlapping with many life transition periods. The interaction between loan repayment and life transitions may thus exacerbate differences in individuals' social and economic positions. Large repayment amounts can "impose significant financial risks" particularly for individuals already in precarious financial positions (Seamster & Charron-Chénier, 2017; p. 205). If these large payments occur simultaneously with other life events and transitions, borrowers may be unable to afford a loan payment and/or make other choices than if they had lower or no loan debt.

In this paper, we contribute to studies exploring the relationship between loan repayment and inequality in life outcomes through the lens of a single transition period: graduating from college. We collected borrowers' experiences via multiple rounds of semi-structured interviews between June 2022 and December 2023. The participants in our study all recently graduated from a four-year university in the Northeastern United States. Because these types of life transitions are multifaceted and nested within broader societal and cultural structures, understanding individuals' experiences during this time can inform broader questions of student loan impacts on borrowers' life outcomes. In this paper, we focus on answering the following questions:

- How do borrowers consider loan repayment in their post-graduation plans and aspirations?
- How do their perspectives change over time?

We found that borrowing and loan repayment informed borrowers' career goals and postgraduate plans. And, over time, borrowers' career goals and postgraduate circumstances grew in salience such that their circumstances shape their perspectives on loan repayment rather than being shaped by loan repayment. This is especially the case when circumstances changed because of factors outside our participants' control (e.g., federal policy changes, changes in health status, etc.). Across the recent graduates in our sample, we observed a divergence over time in participants' perspectives on loan repayment and their life circumstances. For some recent graduates, borrowing helped enable more education and related career progression. For others, student loans negatively interacted with poor job prospects and/or other mental and physical health conditions, exacerbating feelings of failure and anxiety. As a result, we present evidence that while student loans and loan repayment helped shape the postgraduate lives of our study participants, in many instances, their postgraduate lives and context shaped their approach to loan repayment.

BACKGROUND & LITERATURE REVIEW

At the time of this writing, the default Standard Repayment Plan for federal student loans is a 10-year repayment plan with fixed monthly payments. A majority of borrowers (e.g., 72% among those entering repayment between 2005-2014) are enrolled in this plan most of the time (Darolia et al., 2024). Borrowers can enroll in other repayment plans and extend the anticipated repayment period. These other plans include extended repayment, graduated repayment, and income-driven repayment plans.

Increasingly, individuals are taking longer to pay down their student loan debt. In their analysis of federal administrative data, Darolia et al. (2024) find that borrowers who entered repayment between 2010 and 2014 had, on average, paid down 20% of their debt five years after repayment. In comparison, borrowers who entered repayment between 2005 and 2009 had paid down 31% of their debt in the same amount of time. Increased debt burdens among later cohorts explain some of this change. Borrowers moving away from the standard repayment plan towards income-driven repayment plans, with longer repayment periods, also helps explain a large part of the lengthening repayment periods across borrower cohorts (Darolia et al., 2024).

Lower loan repayment rates mean that even fewer individuals are on track to pay off their student loans in the time estimated for a standard repayment plan. Using nationally representative data for students who began college in 2003, Furquim et al. (2022) found that only a small fraction of borrowers made regular, consistent payments over many years. Instead, borrower repayment patterns could be described in one of five ways: repay quickly; repay eventually; perpetually pay; consolidate; or default (Furquim et al., 2022). Borrowers who repaid their loans quickly made up only 13% of borrowers in this cohort and had the lowest average debt levels. Most of

these *rapid full payers* paid off their loans within five years and were more likely to hold a short-term certificate or no credential. In contrast, the largest group (38%) of borrowers were perpetual payers that had “long spells of regular loan payments (on average 15 quarters)” and frequently deferred loan repayment for an average of two years (Furquim et al., 2022, p. 9).

There are many reasons why student loan repayment may deviate from official loan repayment plans. For some borrowers, loan repayment burdens could be too high relative to their monthly income (Baker, 2019a; Chapman & Dearden, 2017). Navigating and selecting an appropriate repayment plan can also be fraught with administrative burdens (Goldstein et al., 2023) and/or dominated by the default repayment options (Cox et al., 2020). Borrowers’ repayment journeys can also coincide with other life events and transitions such as changes in employment status, graduate school enrollment, marriage, and parenthood (Furquim et al., 2022; Monaghan, 2020).

Life Course Theory

Life course theory provides one lens for examining loan repayment over time as life events and transitions occur (Furquim et al., 2022; Houle & Addo, 2019). Broadly, the theory suggests that life transitions, such as entering loan repayment, can impact overall life trajectories; and, that any impact is mediated by broader historical, economic, and social contexts, individual agency, and other life events or transitions (Elder, 1998; Elder et al., 2003). Broader circumstances and trends certainly influence the ability of borrowers to repay their loans. For example, the racial wealth gap and differences in access to credit and labor market opportunities can explain some of the racial differences in repayment rates (Houle & Addo, 2019; Seamster & Charron-Chénier, 2017). The 2008 economic recession also increased student default rates, particularly in communities with higher unemployment rates (Grosz & Monarrez, 2024). Federal policies, such as potential loan forgiveness, different loan repayment programs, and administrative forbearances, have also influenced how individuals approach loan repayment, with some increasing home purchases during the federal COVID-related payment pause (Dinerstein et al., 2024).

Life course theory also highlights how younger adults (individuals in their early twenties through mid-thirties), in particular, face many large life events and transitions (Arnett, 2000; Furstenberg, 2010; Settersten & Ray, 2010). These transitions include “leaving home, employment, education, marriage and relationships, childbearing” (Settersten & Ray, 2010; p. xvii). This period of life also overlaps with entering and managing loan repayment for many student loan borrowers. Other scholars have found evidence of potential interactions between loan repayment and these types of life transitions. Both descriptive and causal analysis, for example, suggests that student loan debt influences individuals’ major and career choices, inducing some students to forgo lower-paying fields of study and jobs (e.g., Field, 2009; Murto, 2024; Rothstein & Rouse, 2011; Smith & Albana, 2022). In interviews with high school graduates five to seven years after graduation, student loan borrowers described delaying marriage and family formation after beginning

repayment because loan payments introduced financial pressure that appeared less salient among non-borrowers in the sample (Napolitano et al., 2022). And, in interviews with six female graduates from a Historically Black College and University (HBCU), Baker (2019b) notes that borrowers' knowledge of their student debt evolved as they came closer to entering repayment.

In this paper, we build on prior work by documenting how recent college graduates think about student loan repayment as their professional and financial situations change post-graduation. We find that borrowers enter loan repayment and postgraduate life with similar goals to repay their loans in full, quickly. Within a short period of time, however, borrowers' repayment goals and actions began to vary as other life events occurred. Our study does not causally estimate the impact of life circumstances on student loan repayment. Rather, we document how life circumstances influenced borrowers' approaches to and perspectives on student loans repayment. We conclude by connecting what we observe among borrowers in our study with findings from other studies on loan repayment. We also discuss implications for researchers and policymakers to consider as loan repayment policies have continued to change during the writing of this manuscript.

SAMPLE & METHODS

This research highlights the perspectives of borrowers who recently graduated from an urban, public four-year university. We interviewed 23 borrowers multiple times between June 2022 and January 2024. While many borrowers disclosed borrowing both federal and private student loans, others only reported borrowing one type of loan (Table 1). The modal self-reported range of student debt was between \$20,001–\$40,000. Participants identified across a range of educational backgrounds; in addition to college graduates finishing their degree in four years, our sample also included returning adults, student parents, first-generation college students, and transfer students. Study participants also varied in their field of study, including both STEM (e.g., biology, nursing, psychology) and non-STEM (e.g., communications, education, political science) degrees. Participants ranged in age from 21–41, with an average age of 26. Despite varying in age, all study participants were transitioning from being a student to a graduate in ways aligned with *emerging adulthood* (Arnett, 2000). Many were focused on finding employment in their field of study and “becoming an adult”. And, while nearly all participants in our study lived off-campus, many also discussed changing their living situation to move further away from the institution depending on living costs.

Table 1: Study Participant Description

	Submitted Screening Questionnaire	Round 1 Interview/ Focus Group	Round 2 Interview	Round 3 Member Check
Borrower Characteristics				
May Graduates	36	17	10	8
August Graduates	10	5	5	3
Gender				
Women	41	21	13	9
Men	4	1	1	1
Unspecified Gender	1	1	1	1
Race/Ethnicity				
White or Caucasian	20	14	8	7
BIPOC or International	25	10	7	4
Unspecified Race	3	1	1	1
Borrower Debt Burdens				
\$1–\$20,000	10	4	4	3
\$20,001–\$40,000	18	10	6	4
\$40,001–\$60,000	11	5	2	1
Over \$60,000	4	2	1	1
Unsure	3	2	2	2
Borrowed Federal Student Loans	41	21	13	10
Borrowed Private Loans	17	11	8	7
Total (n)	46	23	15	11

Note: Table includes a summary of select participant characteristics as reported on the study's screening questionnaire. Loan debt amounts are self-reported at the time of participant recruitment; these estimates may have changed over the course of the study. Counts for federal and private loan borrowing may not sum up to totals because some borrowers reported borrowing more than one type of loan. Similarly, some borrowers reported more than one race/ethnicity; in these cases, we counted borrowers in more than one category.

Participant Recruitment

We recruited borrowers in the Spring of 2022. The first invitation to participate in the study was sent to all students on campus via email. We sent a follow-up invitation one week later. In addition to these two general recruitment emails, we worked with student affairs and advising offices to display an ad for study participation on campus televisions. Student advising staff also sent out emails directly to graduating seniors reiterating information from the campus-wide recruitment email. Through these efforts, we received 46 complete responses to a screening questionnaire.

The screening questionnaire asked interested participants about their anticipated graduation date; estimated amount of student debt; and type of loans borrowed. Due to the sensitive nature of the student loan-related questions, we asked interested participants to only submit the form if they (1) indicated an anticipated graduation date of May or August 2022; (2) had borrowed to finance their education at the university; and (3) were willing to participate in the study. We received 46 responses. Our sample is limited to students who were both willing to report their borrower status and who completed the interview scheduling and consent form processes. Ultimately, 23 of the students who submitted the screening questionnaire participated in the study.

Data Collection

We invited borrowers to participate in a series of three interviews. The first interview took place in June 2022; the second interview took place in January 2023. During these interviews, we focused on understanding borrowers' employment and life contexts as it related to their perspectives on student loan repayment. Because federal policymakers and advocacy groups were also actively discussing changes to the federal student loan program, our interview protocols also asked borrowers about their feelings and perspectives on both loan relief and forgiveness.

Personal finances are a sensitive and complex topic. As Zaloom (2019) notes in her study of how middle-class families pay for college, it is often taboo to discuss personal finances, even between parents and children within the same family. To promote a feeling of comfort and agency among study participants, we invited participants to choose to participate either via an individual interview with the research team or via a focus group with other students. In the first round of data collection, four students elected to participate in a focus group. After the first-round of data collection, all participants elected to participate in individual interviews. During each interview/focus group, we continued to build rapport with study participants by disclosing our own borrower status and experiences as appropriate. We also offered to send resources on student loan repayment to participants after the first-round interview; nearly every participant expressed an interest in receiving these resources. Some participants asked us for additional resources during the second-round interview. Most participants also expressed an interest in our study findings and keeping in touch as the study progressed.

To increase the dependability of our data collection process, we invited participants to review their transcripts and meet with us for a third time in January

2024. The third interview was an opportunity to both reconnect with participants and ascertain whether what we had discussed previously was still salient to them. Eleven participants responded to the third round of communication by reviewing their transcripts; five reviewed their transcript and met with us a third time.

Each interview session ranged in length from 60–90 minutes. All interviews were audio-recorded and transcribed via Zoom. Participants received a \$30 Visa gift card after the first and second round interviews. They received a \$15 Visa gift card as part of the member checking process, regardless of whether they participated in a third-round interview.

Coding and Analysis

We analyzed interview transcripts using Atlas.ti software and codebooks developed collaboratively by the co-authors. To develop the codebook, we first indexed three transcripts to the protocol using *structural coding* (Saldaña, 2021). We also utilized an elemental coding method, *concept coding*, to larger units of texts, such as stanzas, to provide a larger picture of a particular concept (Saldaña, 2021). This coding schema reflects how in some instances, participant respondents touched on questions in the interview protocol before they were asked, or elaborated more, on some concepts than others.

We then explored these structural and concept codes for similar meanings and ideas to identify initial patterns and emergent themes across student participant experiences (Braun & Clarke, 2022). Some categories and codes remained the same across both rounds of data; these included students' job search processes, aspirations for future employment, and loan repayment challenges. Other categories and codes were specific to the first or second phase of the study. For example, we asked students how their semester was going in the first round of data collection. This resulted in codes such as students' 'social experiences' in college and whether they identified any 'personal' or 'structural' non-monetary advisory support system.

In the second phase of the study, we asked more questions about how loan repayment obligations interacted with any other financial and non-financial obligations. We also asked about their current employment and/or educational status. This resulted in categories and codes such as 'current nonmonetary considerations' and codes for students' employment status, such as 'unemployed or underemployed'.

We refined the codebook by individually re-coding the transcripts for the three initial study participants and meeting to discuss discrepancies. We used the refined codebooks to code the remaining transcripts and met frequently to discuss any uncertainties in code application. These meetings were meant to build intercoder agreement through discussion and negotiation of coding disagreements (Campbell et al., 2013). This was important because we found that in some instances, the initial codebook did not encompass the experiences shared by all participants. For example, the three participants selected did not reflect as much on the cost of their undergraduate degree program as other participants during the second phase of the study. Discussing our analysis and observations frequently allowed us to augment our second-round codebook to include a category for students' reflections on the college

experience with codes such as the “cost to attend” and “non-financial supports” early in the coding of the second-round transcripts.

To help build trustworthiness in our data and interpretations, we gave participants time during each interview to ask about the study. We also shared preliminary results with participants via email while scheduling second-round interviews. In addition, we shared transcripts from both phases of data collection with participants in December 2023 and solicited their feedback and corrections to the transcript(s) via email, as described previously. Among participants who responded to this third round of outreach, none suggested changes. Providing these opportunities to discuss the study and our preliminary findings helped build rapport and provide a space for participants to give us initial feedback on the study findings.

Limitations

Our study was focused on individuals completing a credential at a public research university and transitioning their affiliations and identities (e.g., student to worker; undergraduate student to graduate student, etc.). We document how this time of transition informed participant perspectives on loan repayment during a time of rapid policy change. The experiences our participants shared with us may vary from what other borrower subpopulations (e.g., graduates of elite, private institutions; graduates of two-year institutions; non-graduates) may experience at similar transition points due to differences in loan amounts and labor market outcomes (Looney & Yannelis, 2024).

In addition, our sample was not designed to be representative of student borrowers overall. It is too small to further categorize how individual experiences, social identities, and personalities play in the divergence of participant perspectives on student loans. We also do not observe whether and how borrowers in our sample pay back their loans relative to other established borrower repayment profiles (Furquim et al., 2022). However, our participants share important insights into their loan repayment goals and how their perspectives on loan repayment changed in relation to their social and economic circumstances, which we describe in more details below.

FINDINGS

At the beginning of the study, participants’ perspectives on student loan repayment were very similar: they wanted to repay their loans. Most wanted to do so quickly. They also used similar language to describe their student loans and life stage. Over time, however, participants’ perspectives on repayment diversified as their postgraduate lives diverged. Later sentiments and plans on student loan repayment seemed connected to borrowers’ employment situations and total loan debt. We organize these findings across three themes: (1) “I want to pay this off and move on”, reflecting participants’ feelings at the beginning of the study; (2) “(Hoping) it was worth it”, reflecting the experiences of borrowers who felt more confident and optimistic in relation to loan repayment; and (3) “It’s a roller coaster”, a sentiment

expressed by many of the participants who described more negative experiences juggling loan repayment and other postgraduate life changes.

Theme 1: “I Want to Pay This Off and Move On”

Across study participants, borrowers expressed a desire to repay. At the beginning of the study (June 2022), most participants wanted to repay their loans quickly. Participants stated repayment goals ranging from the general, “repay as quickly as possible” to the more specific “pay off all my debt in a year”. Others were more reticent about specific loan repayment goals. These participants described strategies they were considering such as paying high-interest loans first; paying off smaller loan balances first; and waiting to see what job they ultimately would find to determine if higher payments were feasible. Although uncommon in our sample, two participants described explicitly making payments on loans while they were in school to prevent interest capitalization and/or lower their total amount due at graduation.

Regardless of whether participants had identified a repayment strategy, participants viewed student loan repayment as an important responsibility that interacted with many other aspects of their daily life. For example, Anthony, a Caucasian male graduating with a political science degree who began law school the following fall semester, described the obligation he felt to his lenders as something requiring lifestyle changes:

I just feel like...once you have paid off loans, you have a little more financial freedom to live somewhere bigger, nicer, and drive a newer car. A car that won't break down would be nice; I would love that! With so much debt, I just can't justify paying for things like that, knowing that I have all this money that I borrowed to go to school, and I still have to pay that back. That's not my money. That's [the bank's] money or the government's money.

Other participants echoed similar tradeoffs between loan payments and other financial commitments. This reflected a common view among participants that students loan payments would be one of many bills. Zara, for example, was a first-generation Asian woman graduating with a criminal justice degree who was helping to support her parents and siblings by working full-time while going to school. As she shared prior to entering her grace period,

I have a loan that is about \$9,000. So now I'm just hoping to get a job which is going to help me pay my regular bills... Within two years, I want to get rid of this loan, so I can move on and do something, because with this loan and other bills, I feel like I cannot save up money or plan to buy a house or anything.

The borrowers in our sample acutely described the ways they anticipated loan repayment to increase their monthly financial obligations and prevent future goals (e.g., “because of this loan...I cannot save up money or plan to buy a house or anything”). They also simultaneously expressed confusion around loan repayment plans and uncertainty over the exact amount of money they would need to repay. Chelsea, a White woman graduating with a communications degree, described this uncertainty over loan payments as a particularly “heavy weight”. She goes on to explain,

I don't know how [loan repayment] is going to affect me because I don't know what my job will be at that point. It's just really hard to gauge for me because I'm like, how can I do that if I have no idea what my loans are going to be to pay back...also just like knowing that you're going to have an extra bill every month, whether it's \$300, \$400, \$500 like whatever it is... just gives me like anxiety, knowing that there's a bill that I have to pay.

The uncertainty over loan repayment was compounded by uncertainty in borrowers' future job and living situations, particularly for participants entering the workforce rather than a graduate program after graduation. Eleven participants in our sample were actively looking for jobs during the first round of interviews. Many described their job search as one that needed to balance the realities of loan repayment with other goals, such as a job in their field of study or one that aligned with their values. As Stephanie, a White Latine woman graduating with a psychology degree shared, the uncertainty and pressure pushed her to prioritize salary over job fit:

I think what happens often is that I'll put what I find fulfilling in the background, and so the first thing that I look at when I see a job is like, okay what's the salary for this, where is it located and [pauses] is it something that's relevant to my degree. Whereas like the things like, am I going to like the boss; is this something that's going to make me happy; in the long run will this overwork me and underpay me? Those are all things that come in secondhand to like, is this [job] just going to be enough for me to get by?

As participants in our study graduated and began their transition to postgraduate employment and graduate school, it was clear that their feelings and goals for loan repayment were intricately connected to their other financial commitments and future decision-making. Participants in our study often explicitly shared their goals to pay off loans quickly in addition to their concerns about being able to “get by” independently. All participants we interviewed recognized that making loan payments would affect their budgets. They were, however, often uncertain how much their loan payments would be relative to their monthly financial picture. These feelings echo other studies, where borrowers underestimated the total amount of student loan debt prior to repayment (Baker, 2019b; Houle & Addo, 2022; Napolitano et al., 2022). Although the borrowers in our study discussed loan repayment as one factor in their postgraduate decision-making, many aspects of their postgraduate life (e.g., living situation, employment status, monthly income) were still undetermined at the time of graduation. The feelings and perspectives our participants described thus might also reflect the unsettledness participants felt in multiple aspects of their life (e.g., “I don’t know how it’s going to affect me because I don’t know what my job will be.”).

By the second- and third-round interviews, participants had begun to settle into new rhythms of employment, graduate school, and life. Across participants who participated in the second and third round of data collection, participants' views on loan repayment had also evolved. Although we reached saturation quickly during the first round of data collection based on the similarity of themes across interview participants, we observed wider variation in later rounds of data collection. During the second round of data collection, 8 of the 15 returning participants explicitly

described feelings of stress, conflict or worry as it pertained to loan repayment, despite few federal loan repayment obligations due to deferment for graduate school enrollment; grace periods; or the COVID-19 payment pause. Others described feeling optimistic about loan repayment or expressed confidence in their ability to repay. Across the sample, borrower feelings about loan repayment seemed to reflect other life circumstances such as their employment status, health, and social situation, which we describe in the two themes below.

Theme 2: (Hoping) It Was Worth It

During follow-up interviews, some borrowers in our sample presented a more relaxed and confident perspective on loan repayment than during the first-round interview. These participants attributed changes in their demeanor and views on loan repayment to external factors such as potential federal loan forgiveness and changes to their employment status.

Our second-round interviews took place in January 2023. During this time, an administrative forbearance and 0% interest applied to all federal student loans as part of the federal government's COVID relief strategy. The Biden administration had also proposed forgiving up to \$20,000 in student loans. Many study participants had applied for the plan, which was in pending litigation during the second interview period.¹

For participants who borrowed primarily federal student loans and described satisfaction with their postgraduate employment situation, the hope of loan forgiveness created opportunities to change their financial decision-making. For example, Nancy, a first-generation Latine woman who graduated with a sociology degree, had started working in an entry-level position while living with her family. She was adamant during the first round of interviews that she would pay off her loans "within a year" because she wanted to "be debt free and save enough to move out". During the second interview, she reflected how her initial plans had changed:

I swear I made it so important to pay it off within a year. I kid you not. You know, I have not made one payment. [Laughs] ... I think a really big part of that is the Biden administration with their debt repayment and how they postponed the payments...I have \$25,000 in debt, and according to him with a Pell grant they'll erase \$20,000, so I don't know...like here I am paying, like being broke, like working so many extra hours just to pay off my student loans when [they] really could have just been erased. So I kind of just want to see that it'll happen.

Rosie, a White woman who was now teaching, also described a change in her decision-making because of the proposed loan forgiveness:

¹ The Supreme Court ultimately ruled against the U.S. Department of Education in June 2023 (Howe, 2023), months after we spoke with participants for the second-round interviews. The following month, U.S. Department of Education proposed a new income-driven repayment plan, the SAVE plan. This program was also litigated and ended as part of a court settlement in 2026 (U.S. Department of Education, 2026).

When I first I accepted this job, I had been doing some budgeting and the [loan repayment plans] factored into my decision accepting the job. But now it's not a factor in my budgeting anymore... Like, I just bought a car, and if I was paying off loans there's no way that I would have done that. It was just, I mean, comforting to know that by the time I do have to start paying it off, I'll probably by that point be looking for another, more high paying job. And so it's just been really like, even if it doesn't get forgiven, it's been the perfect time to have it on pause while I kind of get established because this year.

The federal payment pause, combined with the prospect of loan forgiveness, helped Nancy and Rosie shift priorities to other financial goals (e.g., saving and buying a car). It also changed their approach to loan repayment, relieving pressure to pay down debt within a certain timeframe or budget. In their analysis of credit bureau data during the COVID-related federal loan payment pause, Dinerstein et al. (2024) find borrowers who previously had good repayment histories were able to take out higher mortgages while borrowers who previously defaulted were less likely to default. For Nancy and Rosie, not having to make loan payments on federal loans helped increase their financial liquidity month-to-month in important ways.

For others, the payment pause and prospect of federal loan forgiveness was less of a contributing factor to their feelings of confidence and optimism. This was especially true for participants that were still in grace periods and/or deferment for other reasons besides the federal repayment pause. Instead, these participants cited their employment status as the major factor informing their current perspective on loan repayment.

For example, Nadia graduated in August 2022 with a management degree. A North African woman with strong family and social ties abroad, Nadia had just returned from traveling overseas at the time of the second interview. Six months prior, Nadia had been optimistic about securing a prestigious, high-paying finance sector job to help pay back her federal and private student loans. During this second interview, she shared with us how much the prior months and coinciding job search had weighed on her. She “was just not doing great like mentally” and had been struggling to apply for jobs despite extending a financial sector internship from the previous summer. She then decided to travel abroad, resigning the internship. Although currently unemployed and still looking for a job, her travels and the support of a mental health provider helped Nadia gain a new perspective. She shared,

I figured out that I don't need a super super demanding and prestigious job to like pay back [student loans]. I can still like, find something that makes me a little happier and something that I'm okay with. And I don't get anxiety [anymore] applying to jobs and still paying my student loans.

The calm and confidence she felt describing her job search, salary expectations, and loan repayment was reflected in her perspective on her federal loans:

[Federal loan repayment and potential loan forgiveness] is not something I'm worried about because it's a small amount and the interest rate is extremely low compared to my private loan. My private loan interest rate is crazy... [The federal loan] has never been something that I worried about, because the interest rate, it's just, it's something that I can take care of at any point in my life. Like for me,

the priority is my private loan, then my Federal loan. I'm still, checking if [the application website] is back up, reading news articles and everything, but it's still not as big of a deal for me as it is for other people.

Nadia went on to describe how her finance background helped her map out the financial tradeoff between investing funds and repaying her loans. The ability to plan across scenarios also helped contribute to her relative indifference to federal loan relief and overall confidence in managing loan repayment into the future.

We also observed participants who felt confident and optimistic towards federal loan repayment because their employment situation (and not just their aspirations) had changed. For example, Anthony, introduced earlier, was nearing the end of his law degree in December 2023. He had secured a second summer job, which he expected to turn into a full-time offer upon graduation. He contextualized the excitement and relief he felt upon receiving the job offer by sharing,

I have a lot in loans. And I knew that, sort of, going into law school, I was gonna need a high paying job to be able to make it like worth it... And I'm very grateful for [the job offer], because I know a lot of people go to law school with the same thought process. And the reality is, it doesn't work for everyone. And so, you know, it's kind of a risk. You're not guaranteed one of these jobs. There's a finite number of them.

His job offer created feelings of relief, helping him to “kind of let all that go. Like all that self-doubt, all the pressure of the loans...feels like so much weight off my shoulders.” Nadia and Anthony both felt content with their employment status and prospective financial situation, citing these changes as much more important than the prospect of federal loan forgiveness.

Theme 3: It's a Roller Coaster

Other participants experiencing less satisfactory employment outcomes, high loan burdens and/or other unexpected life circumstances had more complicated feelings about their loans and repayment. For many of these borrowers, the uncertainty around federal student loan relief and forgiveness was more salient than the possibility of permanent relief. Bailey, for example, was an exercise and health sciences graduate. They were working part-time in a hospital's cardiac rehabilitation unit, which had no full-time positions available due to budget shortfalls. Bailey lived with their significant other and their significant other's parents. They were making payments on a recently refinanced set of private student loans and described their frustration due to the uncertainty around federal loan repayment:

Even when I log onto my Federal loan account, it's like, “Next Payment due: \$0, Last Payment: \$0,” and then it says, “Loan Repayment Date”, and it is just blank. It's like you can't even plan for anything. It's not helpful. It's not helpful at all, but it's like weird because then [the website] will give me notifications at the top, saying it's deferred another 6 months, so like maybe June first or whatever. But then it doesn't put that as my repayment date! So I don't know.

The lack of consistent information contributed to Bailey's feeling of being on a “roller coaster of emotions.” Because they also balanced three other jobs in addition

to their hospital job, the uncertainty in both when payments would restart and whether the forgiveness plans would go through made it impossible to “determine whether I’d be able to, you know, cut down on a job and be able to afford the Federal payment at the same time”.

The feelings of being on a roller coaster were echoed by other participants. Kerry, for example, was a White woman who had returned to school to earn a second bachelor’s degree in nursing. As someone changing careers, she often characterized her decision to leave a well-paying career as an engineer as both an investment in herself and one that carried financial risk as it pertained to other financial goals (e.g. retiring and buying a home). When we last spoke with Kerry in January 2024, she was currently on medical leave from her nursing position due to a patient assault four months prior. She was still unsure whether her injury would require surgery and/or heal sufficiently to allow a full return to work. Although she received a partial salary, and was making loan payments, it was a “frustrating time”. In addition to the lack of structure due to not working, she also described unexpectedly higher loan payments:

The monthly payments came in higher than I was expecting. I just feel the quote that I got initially for a monthly payment, is a little bit, like maybe \$50 higher a month. So I wasn't kind of prepared for the total of what I was going to be dealing with every month. But luckily I'm still able to, you know, pay my bills. I'm just, I'm not doing much [else]. I'm not going out with friends as often as I used to and going out to dinner. It's a lot more cooking dinner and all that.

When asked to reflect on our past conversation and whether anything has changed in her thinking about loans and repayment, she shared:

The only thing I wasn't expecting in what we talked about is like other life things can happen. And you know, you still have these student loans to pay. So you know, of course, I wasn't expecting to get injured. And then I'm like restricted, you know, with limited payment coming in so that, I don't know. It's just something that I never even anticipated, or, you know, even thought of. So it's kind of like a reality check, I guess, of just you know, anything can happen. Life is totally unpredictable...It's just been kind of a little bit of a roller coaster.

Zara, introduced earlier, also experienced momentous life events during our study. When we first spoke, Zara had described paying rent and utilities for her parents and sister, who was also a college student. She was hoping to find a higher paying job so that she could pay off her loans “within two years”. When we last spoke in December 2023, many things had changed for Zara. She had moved to a different state and was now living with her in-laws. She had also welcomed a baby boy six months prior after quitting her job during a difficult pregnancy. Her current living situation carried traditional expectations about a woman’s role in the home to cook, clean, and raise children; she was not yet working outside the home. As she shared with us,

It's like really scary also. Now, since I have my son, I feel like, you know, life is so unpredictable like anything could happen. I feel like when I go back to work, I might be able to take care of [my student loans], but I don't know since I have [her son]...I feel like life changes. We do our best, but we can't really control our life. So, I'm not trying to worry about it too much. And like, since I have

him, I'm so busy doing like things with him it's like most of the time I don't even think about like my student loans anymore.

Zara's brother planned to help pay her student loans and enroll her in an income-driven repayment plan given her lack of income. However, she was still concerned about her growing student loan balance and whether she would be able to find a job once her child grew older. The combination of new parenthood, expectations from her in-laws, and unemployment converged with student loan repayment so that she felt "seriously like so overwhelmed and scared... and I'm not sure how everything's gonna go, if everything's gonna go as I plan."

The uncertainty some participants felt towards the end of our study had many sources. During uncertainty about the resumption of federal loan repayment and federal loan forgiveness, Bailey felt uncertain whether to "cut down on a job". Six months later, Kerry was in a similar holding pattern due to a workplace injury. For Zara, uncertainty related to new family dynamics and new parenthood butted up against her aspirations for financial independence and loan repayment. Although we do not observe whether borrowers in our study make payments and/or enroll in other repayment plans, we do observe clear divergence in study participants' feelings about loan repayment and their self-described feelings about being able to repay their loans.

How participants' incorporated loan repayment into their postgraduate plans thus continued to evolve as participants' employment and personal trajectories began diverging after graduation. Participants that expressed confidence of being able to meet or meeting their financial and professional goals, expressed contentment and even excitement for their lives ahead. Others felt less excitement about their situation, in some cases expressing stress, frustration, and uncertainty. Compared to the first-round interviews, by this point in the study, participants' descriptions of their loan repayment plans and strategies placed less emphasis on their aspirations for loan repayment within a specific timeframe. Instead, participants' loan repayment plans deferred to and reflected the context of their current life circumstances.

DISCUSSION

In this paper, we document how loan repayment and life events coincided for recent college graduates. We interviewed student loan borrowers, who had recently graduated from college, between June 2022 and January 2024. Borrowers in our study experienced large life changes during this time. This included changes to their physical and mental health, employment status, living situations, and social networks. Our study also coincided with federal student loan reform, including discussions of wide-spread loan forgiveness and administrative forbearance due to the COVID-19 pandemic. The interplay between life circumstances and broader federal policy changes varied for borrowers across our sample.

For some borrowers, student loan repayment became more manageable over time. This group included borrowers in our study who experienced financial relief due to the COVID-related payment pause. These borrowers saved at higher rates, made large purchases, and generally settled into "adulting". Others described positive changes to their employment status and solidified their career aspirations. Job offers

and promotions led to more confidence in participants' self-described ability to repay. For these borrowers, student loans were "worth it" as an investment in their future security. Loan repayment seemed feasible.

For other borrowers in our study, loan repayment became part of juggling employment, educational, and other life goals. Although we did not follow study participants long enough to observe resolution to some of the life challenges participants shared with us, we found evidence that the salience and stress of fulfilling a loan repayment goal was often intertwined with other life circumstances (e.g., finding a job, managing a health condition, taking care of dependents, etc.). Strikingly, a single life event – a workplace injury, parenthood, a new job – often weighed on borrowers' ability to repay their loans throughout our later-round interviews. It suggests to us that a borrower's pathway to repayment is thus one closely dependent on other external factors, besides a borrower's aspirations to repay.

That other external factors may complicate loan repayment is perhaps no surprise. Student loan debt and repayment patterns reflect broader opportunity structures. For example, there is ample evidence that uneven access to other forms of credit and inequitable wealth distribution contributes to disproportionate student loan borrowing among Black and Hispanic students (Dwyer & DeMarco, 2024; Houle & Addo, 2019, 2022; Seamster & Charron-Chénier, 2017). These borrowing patterns, combined with labor market discrimination, differences in familial wealth, and differences in the quality of institutions student attend, can explain the growing racial wealth gap across Black and White college graduates and the racialized patterns of negative amortization (Houle & Addo, 2022; Looney & Yannelis, 2024). Borrowers also vary in their ability to overcome administrative burdens associated with navigating complex loan repayment plans. In an analysis of participation in income-driven repayment plans, Goldstein et al. (2023) find that borrowers in higher-income neighborhoods are more likely to enroll in income-driven repayment plans, suggesting that highly indebted, higher income borrowers are better able to navigate the communication challenges and procedural errors associated with accessing income-driven loan repayment plans.

Fundamental differences in borrowers' lives may help explain distinct patterns observed in loan repayment pathways. Using nationally representative survey data and observations of loan repayment up to 12 years after starting college, Furquim et al. (2022) identified five repayment profiles: rapid full payer; perpetual payer; late full payer; persistent defaulter; and consolidator. Rapid full payers paid off their student loans in full, quickly. These borrowers had the smallest loan burdens, on average. Perpetual payers often had long periods of regular loan payments. Many also enrolled in graduate school, elongating the repayment period; by the end of the observation period, this group of borrowers were still in repayment (Furquim et al., 2022). Late full payers often experienced negative amortization and forbearance but paid off the loan within the observation period; persistent defaulters, on the other hand, spent years in default and most were still in default at the end of the observation period (Furquim et al., 2022). While the characteristics of perpetual payers are similar to borrowers overall, Black borrowers are underrepresented in both groups who fully pay off their loans, reflecting the racialized nature of student loans described above

(Furquim et al., 2022). In addition, Black, Latine, and first-generation college students and students who attended for-profit institutions make up the majority of persistent defaulters (Furquim et al., 2022). Similarly, Looney and Yannelis (2024) used national data to highlight the connection between poor repayment outcomes and the quality of higher education institutions borrowers attended. These studies highlight again the possibility that loan repayment may be closely tied to circumstances beyond a student's control. Quantitative analyses identifying repayment profiles (Furquim et al., 2022) and broader trends in borrower repayment (Looney & Yannelis, 2024), however, lack the rich information from qualitative inquiry to identify how life circumstances support or prevent some borrowers from paying off their loans sooner rather than later.

Our study thus fills an important gap. For while many participants wanted to pay off their student loans “as quickly as possible”, “within two years”, etc. at the beginning of the study, these aspirations changed alongside participants' life circumstances. Although we do not follow study participants for over a decade as the nationally representative survey data analyzed in Furquim et al. (2022), the divergence we observed across study participants' lives and loan repayment perspectives could easily precede the divergence into different repayment profiles. This is also consistent with life course theory and the notion that timing matters: transitions and life events can “pile up” and these cumulative advantages and disadvantages act as a mechanism for social and economic inequality (Dannefer, 2020; DiPrete & Eirich, 2006; Elder et al., 2003). For some borrowers in our sample, federal loan relief came at an opportune time, allowing for greater savings and large purchases, like a car. For others, loan repayment coincided with unexpected un(der)employment and exacerbated already emotionally and financially stressful situations. Loan repayment is thus a process where (dis)advantage can accumulate. With new federal repayment plans that raise the minimum repayment amount – even for financially struggling borrowers – it is imperative that policymakers and researchers stay abreast of whether these policy changes accelerate the manifestation of social and economic inequality among student loan borrowers.

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