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Good afternoon Senator Whittemore, Representative Lawrence and members of the Committee on Insurance and Financial Services,

My name is Amy Gallant and I am the Advocacy Director for AARP in Maine representing more than 230,000 members 50+ statewide. AARP is a non-profit, non-partisan member organization representing the interests of 50+ Mainers and their families.

AARP supports LD 1507 and ask that you bring student loan servicers under state oversight and create a student loan ombudsman to help student loan borrowers with the significant problems they have experienced dealing with servicers.

We feel strongly about this because student loan debt is actually a very big issue for older Americans, and Maine has a particularly vulnerable population of seniors, who are more likely to be low-income than their counterparts across the United States. Maine also has a higher percentage of seniors with low incomes, at 29%, than New Hampshire, which has 21.1% and Vermont, which has 23.5%.¹

Older Americans carry \$70 billion in student debt, and they are subject to the servicing issues that have been spoken about in testimony today. One of those is being placed in forbearance multiple times if they have trouble making payments, rather than being placed in income-based repayment plans. This misplacement adds interest to their loan, making it more difficult to pay off over time. You can see why this might make student loan debt extend into retirement years.

But many older Mainers deal with servicing issues as co-signer issues. They report to the Consumer Financial Protection Bureau that servicers have failed to contact them about missed payments until the loan went into default, or that even with timely payments, they have been unable to be released from the loan as co-signer.²

These issues contribute to high default rates. Federal student loan borrowers age 65 and older are in default at astounding rates of nearly 40 percent.³ Combine that fact with two more: 47% of seniors depend on social security for 90% or more of their income. And social security income can legally be garnished to collect on a federal student loan. As the median social security monthly benefit for an older consumer

¹ <https://www.maine philanthropy.org/news/new-report-status-seniors-maine>

² http://files.consumerfinance.gov/f/documents/201701_cfpb_OA-Student-Loan-Snapshot.pdf

³ *ibid*

that depends on the benefit for their entire income is \$1,165, a garnishment can cause significant financial distress.

Not only would the oversight of servicers put in place by this bill be crucial in reforming the abuses of servicers, the ombudsman role would be particularly important for older Mainers, who would be well served by having an intermediary working on their behalf in navigating a difficult system as they continue to work to pay off student loan debt.

We urge you to support LD 1507, An Act To Establish a Student Loan Bill of Rights To License and Regulate Student Loan Servicers.

Thank you for your consideration,

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