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**Senate Committee on Judiciary  
Testimony in Support of SB 1540  
Andrea Meyer, Director of Government Relations  
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AARP is pleased to support SB 1540. AARP is the nation’s largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With 510,000 members in Oregon, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment.

In 2017, Americans owed \$1.4 trillion in outstanding student loan debt, second only to mortgage debt. Although younger people hold most of this debt, older Americans increasingly find themselves saddled with student loan debt as well. The number of people age 60 and older with student loan debt quadrupled between 2005 and 2015. About three-quarters of them borrowed to help pay for their children’s and grandchildren’s college education. People age 60 and older owed \$66.7 billion in student loans in 2015.

Carrying student debt later in life makes it harder for people to save for retirement. Indeed, those nearing retirement age with student debt have less saved for retirement than those without student debt. And student debt can directly affect retirement income, as those who default on federal student loans are subject to Social Security garnishment. The number of people whose Social Security was garnished to pay off a defaulted federal student loan more than quadrupled between 2005 and 2015.

Abuses in servicing and debt collection—regardless of the quality of a program, once a borrower is required to repay a student loan, other potential problems can arise. Student loan servicers—companies that collect debt payments on behalf of lenders—have often been accused of engaging in deceptive practices. According to the federal Consumer Financial Protection Bureau (CFPB), nearly two-thirds of complaints they receive about student loans relate to servicing problems. For example, borrowers complain that servicers are not putting them into income-driven repayment plans, which would substantially lower their monthly payments, even though they meet eligibility requirements. Other borrowers complained about improperly applied payments.

Student loan borrowers who default on their debt face additional problems because of the abusive practices of some debt collection agencies. The Federal Trade Commission has taken enforcement action against debt collectors for illegally harassing student loan borrowers, and older federal student loan borrowers have complained to the CFPB that debt collection account errors have led to improper Social Security garnishment.

SB 1540 is a powerful tool to protect consumers from student loan servicing problems and abuses. This legislation will establish the same level of oversight that the state has over mortgage lenders. For these reasons, AARP urges passage of SB 1540.