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Student Loan Debt Not Just a Bugaboo For Young Americans | Cosigner Survey & Study



Mike Brown (<https://lendedu.com/blog/author/mike-brown/>)

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When discussing the student loan debt crisis that plagues the United States, the conversation is usually limited to how \$1.45 trillion worth of outstanding educational debt (<https://lendedu.com/blog/average-student-loan-debt-statistics>) will impact *just* young Americans.

But, when there are 13 figures worth of debt involved, chances are the ramifications are far-reaching and span across multiple generations.

In a new LendEDU survey of 850 student loan cosigners, we found that many parents are feeling the negative affects of their children's student debt where it matters most: their pockets.

A duty often reserved for a parent, grandparent, guardian, or another creditworthy adult, cosigning on a student loan is an action in which the cosigner assumes legal responsibility for repaying the loan in partnership with the borrower. Cosigners are on the hook for the full amount of the student debt, regardless of the borrower's ability to repay the loan.

While you can obtain student loans without a cosigner (<https://lendedu.com/blog/student-loans-without-a-cosigner/>), having one provides benefits, and his or her stronger credit history will usually lead to an easier time getting approved for a student loan and potentially allowing for a lower interest rate.

However, the drawbacks of cosigning are always lurking. LendEDU's survey uncovered that many cosigners had wished they knew more about the negatives before partnering up on their children's student loans, while for some, the damage has already been done.

Full Survey Results

Note: LendEDU conducted the exact same survey last year. For comparison purposes, those results are published in blue. Both surveys were administered to parents who are/were currently acting as a cosigner on their children's private student loan debt.

1. Knowing what you know now, do you believe that you fully understood the risks of cosigning on a private student loan when you initially agreed?

- a. 68.68% of respondents answered "yes" (66.80%)
- b. 31.32% of respondents answered "no" (33.20%)

2. Do you believe that your credit score has been negatively impacted by cosigning on a private student loan?

- a. 62.06% of respondents answered "yes" (56.80%)
- b. 37.94% of respondents answered "no" (43.20%)

3. Has your child made a late payment on the cosigned loan?

- a. 45.39% of respondents answered "yes" (34.40%)
- b. 54.61% of respondents answered "no" (65.60%)

4. Do you feel like your child's student debt is putting your retirement in jeopardy?

- a. 46.93% of respondents answered "yes" (51.20%)
- b. 53.07% of respondents answered "no" (48.80%)

5. Has your child asked you to help them make monthly payments on the loan?

- a. 65.60% of respondents answered "yes" (58.40%)
- b. 34.40% of respondents answered "no" (41.60%)

6. Have you helped your child make monthly payments on the loan?

a. 74.82% of respondents answered "yes" (65.80%)

b. 25.18% of respondents answered "no" (34.20%)

7. Do you regret making the decision to cosign on a private student loan?

a. 36.76% of respondents answered "yes" (35.00%)

b. 63.24% of respondents answered "no" (65.00%)

8. Have you or your child tried asking the private student loan lender for cosigner release?

a. 35.70% of respondents answered "yes" (30.20%)

b. 64.30% of respondents answered "no" (69.80%)

9. Has your child considered refinancing the student debt as a way to release you as a cosigner?

a. 43.74% of respondents answered "yes" (40.60%)

b. 56.26% of respondents answered "no" (59.40%)

10. Has your child made late payments which have negatively impacted your credit score?

a. 43.26% of respondents answered "yes" (35.80%)

b. 56.74% of respondents answered "no" (64.20%)

11. If you could do it again, would you still cosign on the student loan for your child?

a. 65.60% of respondents answered "yes" (66.00%)

b. 34.40% of respondents answered "no" (34.00%)

12. Did you consider using Parent PLUS loans as an alternative funding method before you agreed to act as a cosigner?

a. 31.21% of respondents answered "Yes, I considered PLUS loans, but didn't use them." (30.82%)

b. 22.34% of respondents answered "Yes, I considered PLUS loans, and I used them." (24.18%)

c. 45.46% of respondents answered "No, I didn't consider PLUS loans" (45.00%)

13. Has cosigning hurt your ability to qualify for a mortgage, auto loan, or other type of financing?

a. 40.31% of respondents answered "yes" (34.40%)

b. 59.69% of respondents answered "no" (65.60%)

Observations & Analysis

For the Most Part, Negative Results Stemming From Cosigning Have Increased Year-to Year

When LendEDU's 2018 cosigner survey is compared side-by-side to our 2017 cosigner survey, negative happenings as a result of cosigning increased nearly throughout.

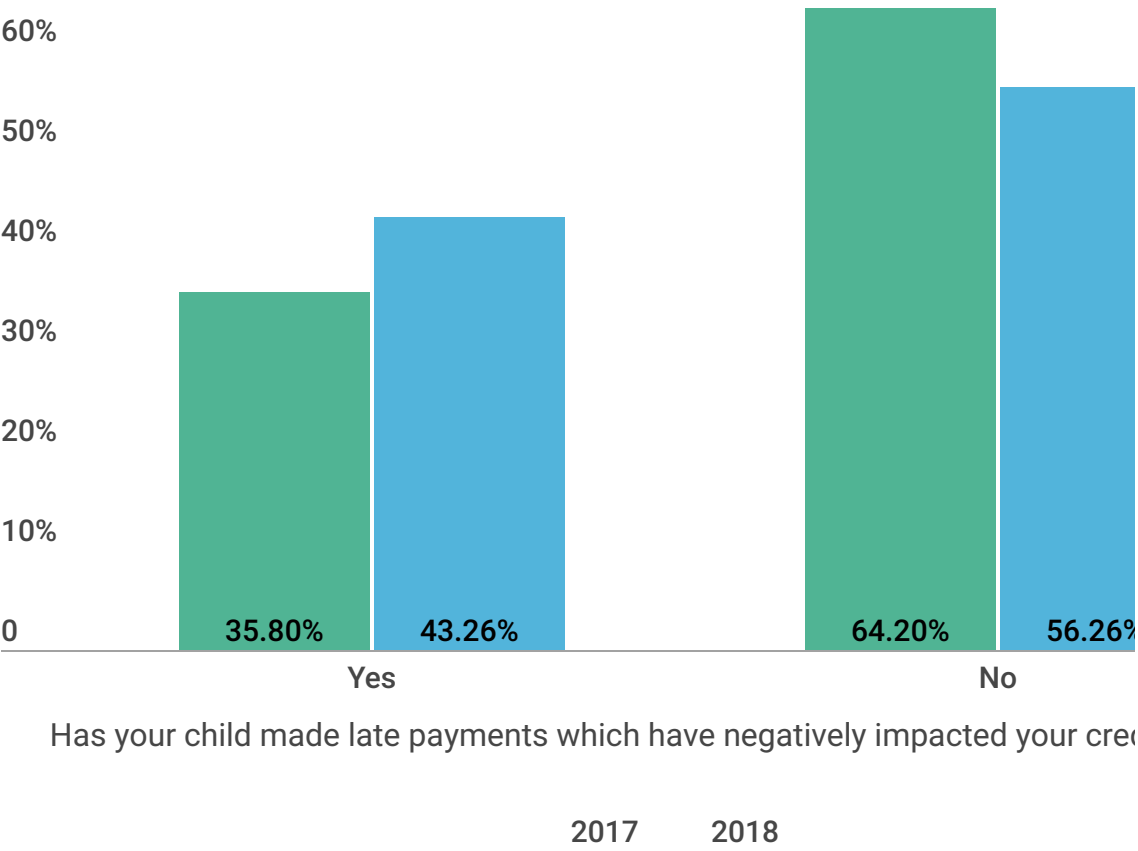
First, 62.06 percent of parents acting as cosigners on their children's student loan debt believe that their credit scores have been negatively impacted by cosigning on private student loans (<https://lendedu.com/blog/private-student-loans/>); last year, that percentage was only 56.80 percent.



Do you believe that your credit score has been negatively impacted by cosigning on a private

On the subject of cosigned private student loans, the most likely cause of a cosigner's damaged credit score is a late payment by the primary borrower. The cosigner is an equal partner with the borrower on the educational loan, not a safety net. And as such, a late payment by the borrower is essentially the same thing as the cosigner making a late payment in the eyes of the credit bureau.

43.26 percent of this year's respondents stated that their children have made late payments that negatively impacted their credit scores, an increase of 7.46 percentage points.

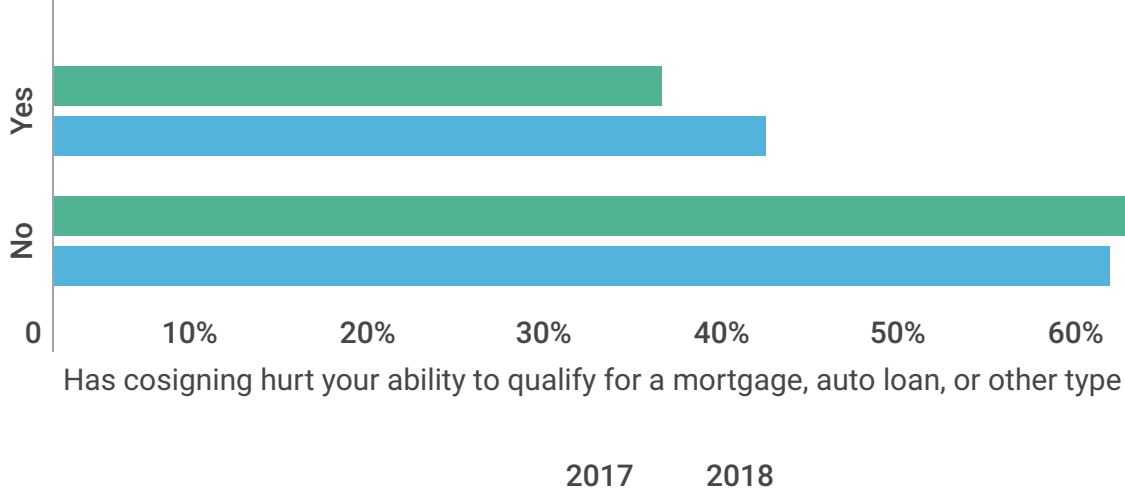


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The domino effect of a borrower's late payment on a cosigned student loan can be consequential. A late payment brings on a lowered credit score, and a lowered credit score can make it extremely difficult for cosigners to qualify for other financial products, such as a mortgage.

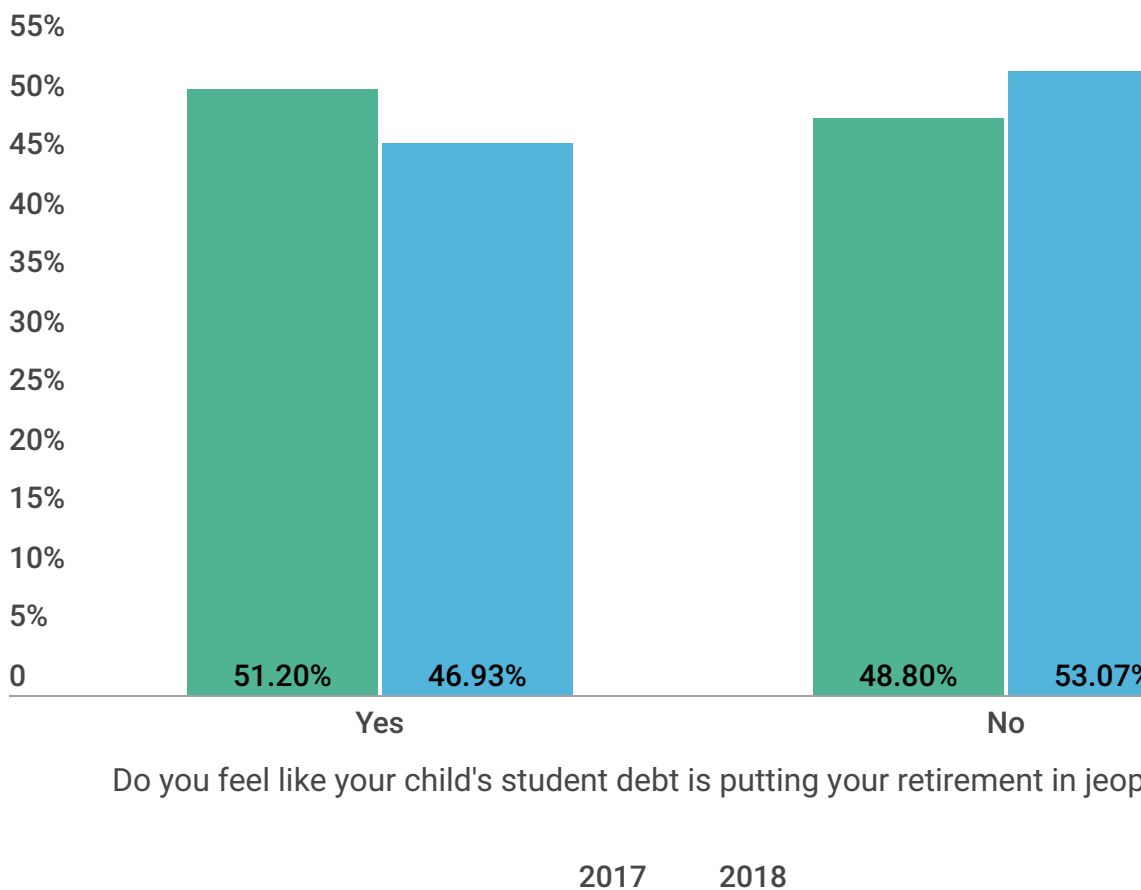
This year's cosigner survey uncovered an increase in the proportion of cosigner respondents that experienced a tougher time qualifying for a mortgage, auto loan, or other type of financing due to cosigning on their children's student loans.



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The only reason the title of this section included the phrase “For the most part” was because one important financial measuring stick actually improved its standing from last year’s poll to this year: retirement.



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Compared to last year’s results, there was a drop-off of 4.27 percent when it came the proportion of cosigners that thought their retirement was put in jeopardy by cosigning on their children’s student loan. A timely explanation of this is that, over the last 365 days, the market has

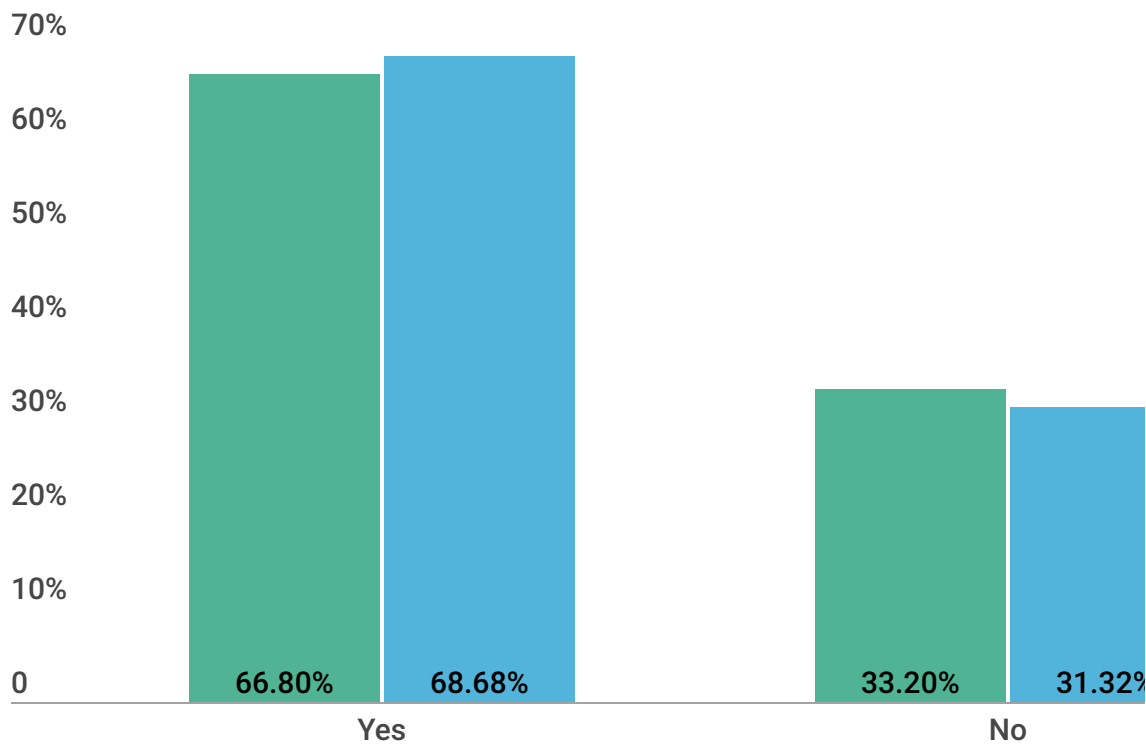
experienced a highly-unusual upswing, likely resulting in the growth of retirement funds.

Interestingly, Parents Seem to Be More Aware of Cosigning Risks & Options

Despite the fact that cosigners seem to have taken more of a financial hit in this year's poll as opposed to last year's survey, general cosigner literacy looks to have improved amongst parents who have a child with student loan debt.

Perhaps the one silver lining amidst the ballooning student loan debt crisis in the U.S. will be a higher level of awareness when it comes to educational loans.

Right off the bat, LendEDU's 2018 cosigner survey had more parents that stated they fully understood the risks of cosigning on a private student loan when they struck an agreement with their children.



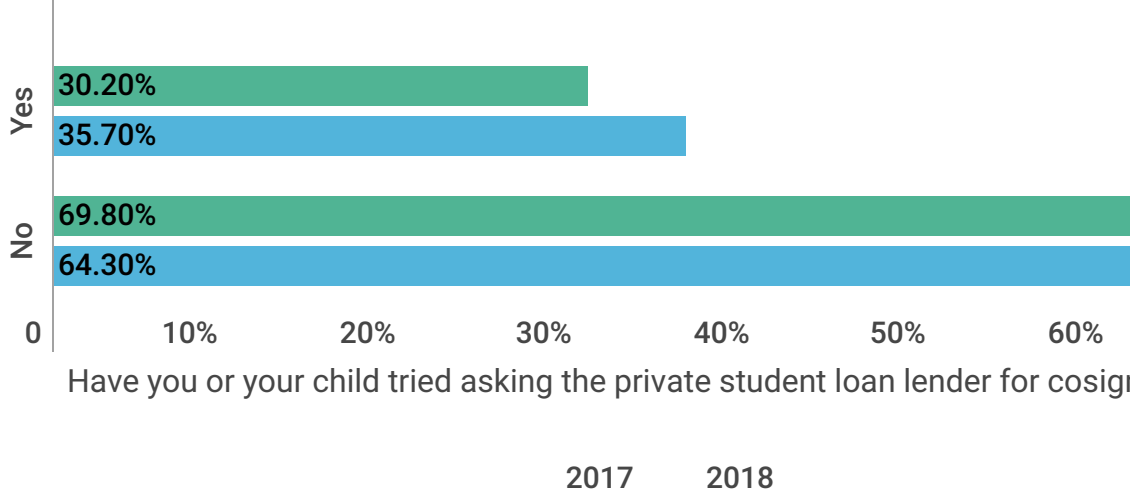
Do you believe that you fully understood the risks of cosigning on a private student loan when you i

2017 2018

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Not only do parents of student debtors better understand the risks of cosigning, but they are much more aware of the options available to them.



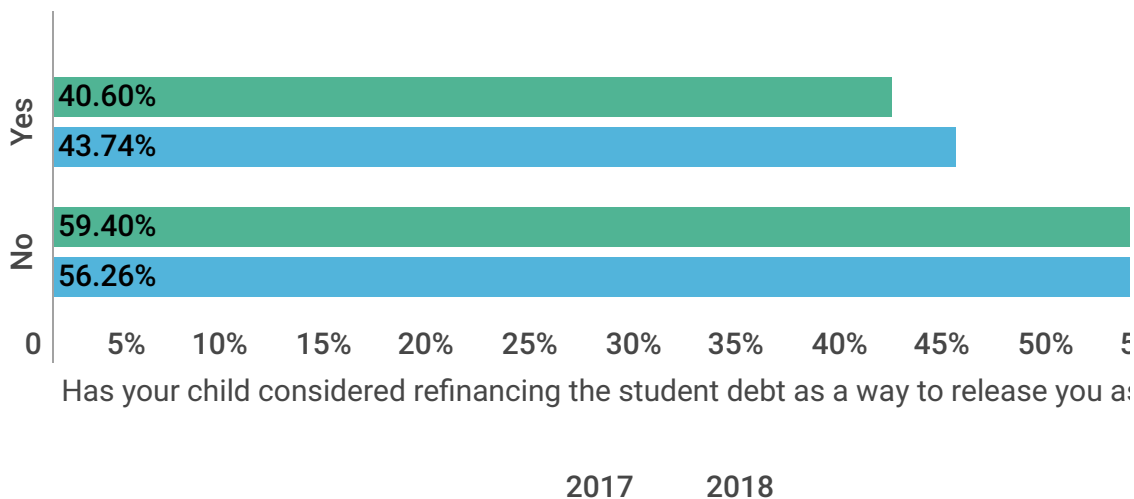
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This year, LendEDU’s cosigner survey revealed an increase of 5.50 percentage points when it came to cosigners who asked their private student loan lenders for cosigner release. A cosigner sometimes can be released from the private student loan if the borrower presents a strong record of timely payments.<

>> **Read More:** Pros & Cons of Cosigning Student Loans (<https://lendedu.com/blog/pros-cons-using-cosigner>)

Another option for cosigners looking to rid themselves of their children’s student loan debt is for the educational debt to be refinanced. If a cosigned student loan is refinanced with another private lender, the cosigner may be removed from the new loan. This year’s poll indicated 3.14 percent more cosigners had considered refinancing.



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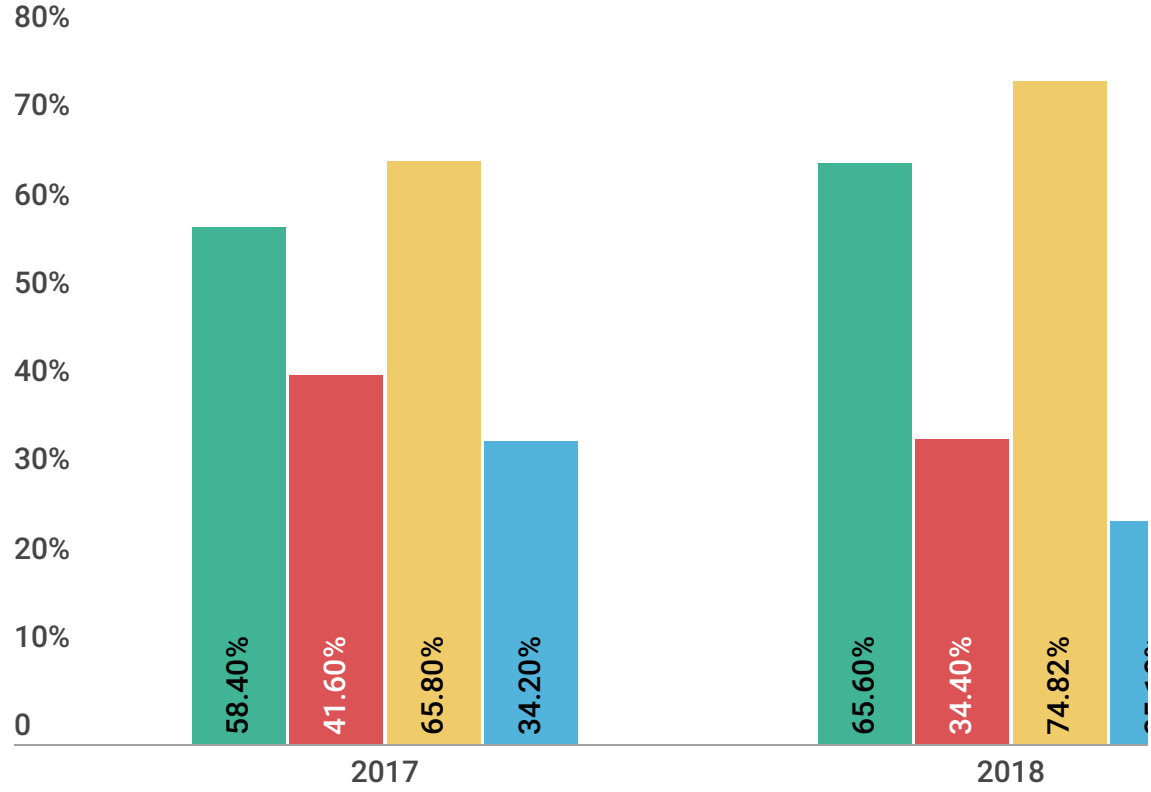


Through It All, Parents Still More Than Willing to Help Via Cosigning and Largely Don't Regret It

Despite all of the aforementioned risks and negative consequences associated with cosigning on private student debt, parents remain without regret when it comes to helping their children.

For a large majority of parents, providing their children with a better life than theirs remains paramount, even if that means making sacrifices. LendEDU's cosigner survey proves that parents in the U.S. are more than willing to take a hit in their own finances if it means that their children can get a quality college education with minimal student loan-related stress.

This year's poll had more children of cosigners asking for help on their monthly student loan payments, and this year, more parent cosigners actually followed through with payments. Even better, parents were doing more than what was asked of them; more cosigners made monthly payments for their children's loans than the number of parents that stated their children had asked for monthly help.



% of Parents That Were Asked For Help Making Payments

% of Parents That Were Not Asked For Help Making Payments

% of Parents That Helped By Making Monthly Payments

% of Parents That Did Not Make Monthly Payments

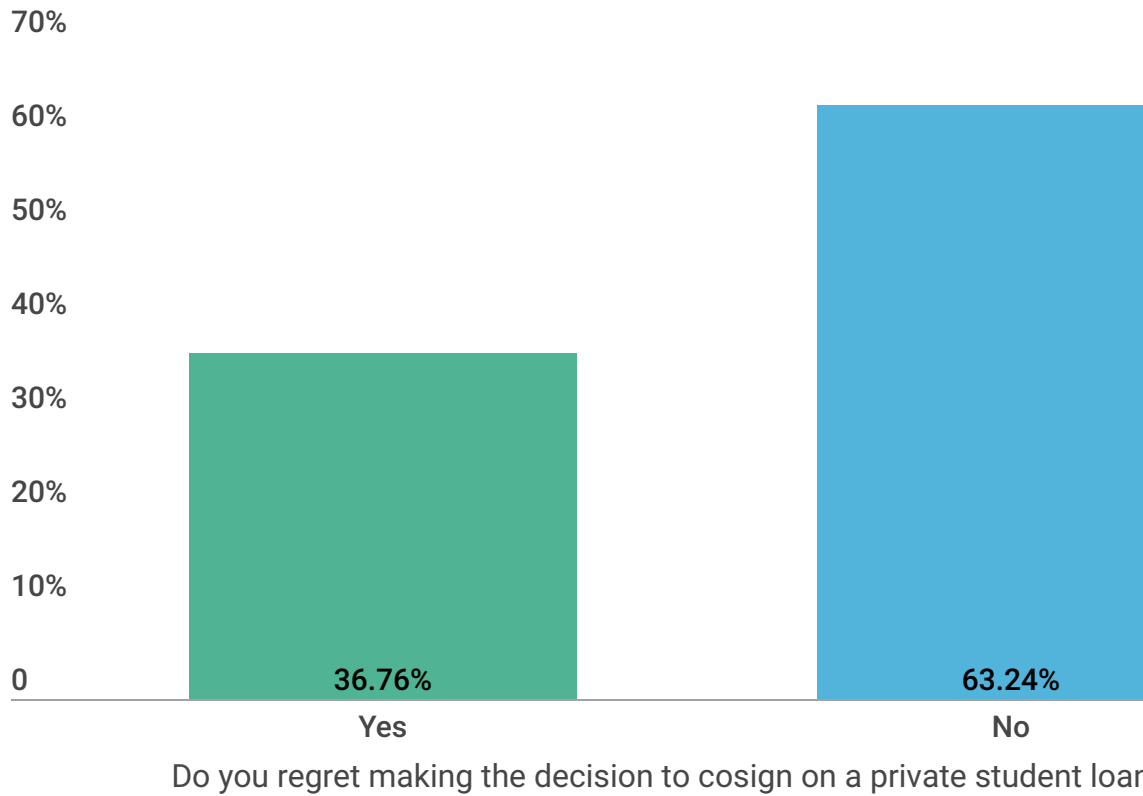
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It is not like cosigner parents have been helping with their children’s student loan debt against their will either. This year’s survey displayed a healthy majority of cosigners that expressed no regret for cosigning on private student loans.

Do You Regret Cosigning?

Would You Cosign Again



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The results speak for themselves. Parents are most certainly aware of the risks that come with cosigning, and some have even had the risks become reality. Yet still, the large majority of cosigner parents do not regret their decision and would do it all over again. It is worth noting that when compared to last year's results, the answers to these two questions were virtually unchanged.

Address:

80 River St., STE #3C-2,

Methodology

Support:

All data that was featured in this report derived from an online poll commissioned by LendEDU and conducted by online polling company Pollfish. In total, 850 cosigners were polled on every

Categories

single question featured in this report. A screener question was utilized to ensure each respondent was a parent cosigner on his or her child's private student loan debt. The poll was conducted over a seven-day span, starting on January 29th, 2018 and ending on February 4th, 2018. Respondents were asked to answer each question truthfully and to the best of their abilities.

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Author: Mike Brown

[Credit Cards \(/blog/category/credit-cards/\)](/blog/category/credit-cards/)



at LendEDU, Mike uses data, usually from surveys and publicly-available resources, to identify emerging personal finance trends and tell unique stories. Mike's work, featured in major outlets like The Wall Street Journal and The Washington Post, provides consumers with a personal finance measuring stick and can help them make informed finance decisions.

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