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News from NASFAA

Financial Barriers Are Obstacles To College For Both Old And Young

Washington, D.C. (October 2007) – Nearly 20 percent of all Americans are between the ages of 55 and 79, and most have no plans of going quietly into their retirement years. According to Framing New Terrain: Older Adults & Higher Education, a new report from the American Council on Education (ACE), the average retirement age and life expectancy in 1950 was 68, meaning most people worked their entire lives.

Today, the average retirement age is down to 62 and the average life expectancy has increased to 78. Older Americans have more time on their hands during retirement than ever before. Some will go back to college for personal enrichment, but many others need higher education to help them retool their skills for second careers or jobs to supplement their retirement income. For those students, finances can be a major barrier to college.

In a recent survey conducted by Merrill Lynch, 71 percent of Americans between the ages of 25 and 70 said they hope to continue working past their expected retirement age, but not necessarily in the same job. The ACE report recognizes that most retirees are entering a “third age of life” filled with new business ventures and new full-time and part-time careers that call for additional training.

Colleges and universities will have a unique set of students in future years that require special attention and financing. The potential demand could be huge because the majority of older Americans lack college education. Of the U.S. population 55 years and older, it is estimated that only 14 percent of African Americans, 37 percent of Asian Americans, 11 percent of Hispanics, and 26 percent of Whites have a 4-year college degree.

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Today's seniors are in a better financial position compared with previous generations, but are by no means wealthy. The median income for those age 65 or older is \$26,036. But for seniors without a college education, that number decreases dramatically, to only \$15,000 annually. For these seniors, going back to college may have nothing to do with personal enjoyment. It could be a vital step to obtaining extra income during their retirement years.

“Many older adults have remained in low-skill jobs for most of their lives. And with high school diplomas or less, they may never have viewed college as a possibility,” the report notes. But many could be rethinking that as retirement approaches.

Much like their younger low-income counterparts, many seniors find lack of financial resources is a major barrier to college access. Older Americans face several other structural barriers to college such as lack of transportation and inadequate support services, but financing is the most significant barrier, according to the ACE report.

“For those living on fixed incomes, this barrier is often insurmountable,” the report notes.

Seniors face different financial obstacles than younger students. Older students may be putting their children or grandchildren through college, or may have financial responsibilities for their parents. In either case, a lack of funding is consistently cited as one of the top reasons older adults do not pursue higher education.

A Portland Community College Task Force on Aging found that six in 10 older adults say that financing is an impediment to achieving educational goals, pointing out that little funding is available “for people with prior degrees who are switching professions in mid-life, nor are there many available work-study programs for older [more experienced] people.”

The financial aid process can be complicated to anyone, but can be especially daunting to seniors who may not be familiar with electronic processes or may have difficulty navigating the myriad financial aid programs that exist. According to the study, almost all states have fee waiver programs specifically designed for older adults, but understanding their terms and conditions can be confusing. Some fee waiver programs have minimum age requirements, others only cover certain credit or noncredit hour classes. Some provide only partial funding, others provide full funding, excluding books or fees.

In 18 states, financial aid programs for older students are mandated by state law, in 10 states there is a formal state policy for these programs, and in 21 states individual institutions have implemented institutional financial aid programs to help older students.

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Even if such programs exist, where would older students find out about them? Financial aid administrators can take the initiative in helping this population by researching financial aid that is specifically geared toward older adults who are looking to brush up their skills, transition into a new career, or boost their post-retirement income. While their academic needs and interests may be different than the traditional student, the financial barriers faced by older students are the same. Doing what aid administrators do best – finding resources to help students go to college – will provide access to those who are returning to college and those who are long overdue for a chance at a college education.

By Justin Draeger, Assistant Director for Communications, NASFAA. Justin may be contacted at DraegerJ@NASFAA.org.

The National Association of Student Financial Aid Administrators (NASFAA) is a nonprofit membership organization that represents more than 13,000 financial aid professionals at nearly 3,000 colleges, universities and career schools across the country. Based in Washington, D.C., NASFAA is the only national association with a primary focus on student aid legislation, regulatory analysis, and training for financial aid administrators. Each year, members help more than 8 million students receive funding for postsecondary education. In addition to its member Web site at www.NASFAA.org, the Association offers a Web site with financial aid information for parents and students at www.StudentAid.org.

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[Editor: A photograph of the author is available for download at www.NASFAA.org/Subhomes/MediaCenter/JustinDraegerPhotoMediaCenter.jpg.]