

SB 674 : ReLIEF (Loan Improvement for Enhanced Futures)



State Treasurer John Chiang

Problem:

Student loan debt is a toxin to the American Dream. Large amounts of student debt prevent people from buying a home, starting a business or saving for retirement.

Outstanding student loan debt has tripled in the United States during the last decade and the balance is growing by \$2,726 every second, according to SmartClass, an education data website.

Graduates with private student debt have limited options available to them as compared to students with federal, public student loan debt. Private loans commonly have higher interest rates, may not provide for consolidation, deferment, forbearance or grace periods.



AT \$1.3 TRILLION, Student loan debt is now the second highest consumer debt in the U.S., only behind mortgage debt.

California's Student Debt Crisis By the Numbers



\$120 Billion

It is estimated California graduates hold more than \$120 billion of the country's total student debt



54%

Percentage of California students that graduate with debt



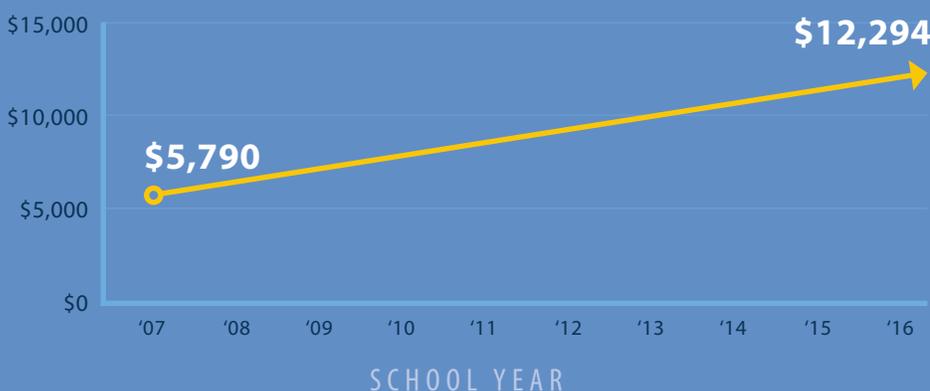
\$22,191

Average student loan debt in California is \$22,191

*Source: The Institute for College Access and Success

University of California Costs Over Time

*Tuition and fees for California residents



Solution:

SB 674 (authored by Sen. Ben Allen) is co-sponsored by Treasurer John Chiang and SEIU. The bill enables qualified graduates with private student loans to refinance at favorable rates from lenders.

The bill creates a \$25 million backstop to support lender refinancings, encouraging financial institutions to generate new loans for more borrowers.

The Potential Benefits of Refinancing Student Loans:



Lower Your Monthly Payments
Keep more cash in your pocket



Shorten Your Payment Term
Pay off your school loans sooner



Reduce Your Total Interest
Spend less money on interest and more on you

Supporters of SB 674:



SEIU California (Co-sponsor)

4 Steps to Eligibility for Refinancing Under SB 674:



1. Borrower must be a California resident



2. Borrowers must have an associates, bachelors, graduate, or professional degree, or trade, career, or technical certificate, diploma, or degree



3. Borrower must have worked for an employer for at least six continuous months



4. Borrower must be current on their student loan payments



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