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time now. As of today, the oldest members of Generation Z are 23, putting them squarely in the college-age range of 18 to 22.

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[[This article first appeared on the LendEdu blog.](#)]

Today, when most people think of college students they think of millennials, but this is no longer true in most cases.

The torch of higher education has been passed down to Generation Z for quite some time now. As of today, the oldest members of Generation Z are 23, putting them squarely in the college-age range of 18 to 22.

Realizing there is a serious lack of data on Generation Z and college, LendEDU put the wheels in motion for its next survey idea.

How much do Gen Zs know about [student loan debt](#)?

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Federal Student Aid”

b. 42.82% of Gen Z student borrowers answered “Federal Application for Federal Student Aid”

c. 10.59% of Gen Z student borrowers answered “Financial Application for Free Student Aid”

d. 12.24% of Gen Z student borrowers answered “Free Application for Financial Student Aid”

e. 2.24% of Gen Z student borrowers answered “Financial Application for Fast Student Aid”

f. 9.29% of Gen Z student borrowers answered “Never heard of FAFSA”

2. What is the current interest rate on new undergraduate federal subsidized and unsubsidized student loans?

a. 28.82% of Gen Z student borrowers correctly answered “4.01% – 4.50%”

b. 25.88% of Gen Z student borrowers answered “3.51% – 4.00%”

c. 23.53% of Gen Z student borrowers answered “4.51% – 5.00%”

d. 11.65% of Gen Z student borrowers answered “5.01% – 5.50%”

e. 10.12% of Gen Z student borrowers answered “5.51% – 6.00%”

3. Do you know the current standard repayment term of a federal student loan?

a. 36.35% of Gen Z student borrowers correctly answered “10 years”

b. 21.06% of Gen Z student borrowers answered “5 years”

c. 18.00% of Gen Z student borrowers answered “8 years”

d. 8.24% of Gen Z student borrowers answered “12 years”

e. 16.35% of Gen Z student borrowers answered “15 years”

4. Do unsubsidized student loans accumulate interest during deferment?

a. 36.24% of Gen Z student borrowers correctly answered “yes”

b. 30.59% of Gen Z student borrowers answered “no”

c. 33.18% of Gen Z student borrowers answered “unsure”

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7. Can Parent PLUS loans be transferred to you (the student) after you graduate from college?

a. 44.24% of Gen Z student borrowers correctly answered “no”

b. 55.76% of Gen Z student borrowers answered “yes”

8. Do you believe that you will be helped by federal student loan forgiveness programs after graduation?

a. 52.94% of Gen Z student borrowers answered “yes”

b. 47.06% of Gen Z student borrowers answered “no”

9. Is it possible to refinance student loan debt with the federal government?

a. 39.88% of Gen Z student borrowers correctly answered “no”

b. 60.12% of Gen Z student borrowers answered “yes”

10. Do you have private student loans?

a. 27.76% of Gen Z student borrowers answered “yes”

b. 52.47% of Gen Z student borrowers answered “no”

c. 19.76% of Gen Z student borrowers answered “unsure”

11. (Asked only to those who answered “yes” to Q10) Do private student loans accumulate interest during periods of deferment?

a. 82.63% of Gen Z student borrowers correctly answered “yes”

b. 17.37% of Gen Z student borrowers answered “no”

12. (Asked only to those who answered “yes” to Q10) Which of the following best describes the risks a cosigner takes by cosigning on a private student loan?

a. 50.85% of Gen Z student borrowers correctly answered “Helps the student get credit approved for student loan and is financially responsible for student loan

repayment alongside borrower”

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13. Do you believe that you will be able to fully repay your student loan debt?

- a. 60.82% of Gen Z student borrowers answered “yes”
- b. 16.24% of Gen Z student borrowers answered “no”
- c. 22.94% of Gen Z student borrowers answered “unsure”

14. Have you looked at your student loan account at least once?

- a. 67.76% of Gen Z student borrowers answered “yes”
- b. 32.24% of Gen Z student borrowers answered “no”

Observations & Analysis

Gen Zs Are Overestimating the Federal Student Loan Forgiveness Program

The majority of our student loan borrowing Generation Z respondents, 52.94 percent, believed they would be helped by [federal student loan forgiveness programs](#) after graduating from their respective institutions.

In reality, a very tiny percentage of student loan borrowers, maybe up to 3 percent, will ever have their educational debts forgiven by the federal government. Only government, nonprofit, and select other employees may qualify for federal student loan forgiveness, and that is only after they have made 120 qualifying monthly payments under a qualifying repayment plan.

Simply going through four years of college and racking up student loan debt with the expectation that it will be forgiven is a dangerous game for Gen Zs. This lack of preparation will set them back once they finally realize those student loans are most likely not going anywhere until they [pay them off](#).

Meanwhile, 60.12 percent of our respondents believed incorrectly that there is a

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Basic Student Loan Debt Knowledge?

Of course, there was plenty of room for improvement, but in many cases the majority or plurality of respondents were able to correctly identify the right answer.

For example, 28.82 percent of Gen Z borrowers were able to respond with the correct interest range for new undergraduate federal subsidized and unsubsidized student loans: between 4.01 percent and 4.50 percent. While still a low percentage, it was the plurality, and the current interest rate on the aforementioned loans is 4.45 percent.

The plurality of Gen Zs, 36.35 percent, were also able to correctly identify the current standard federal student loan repayment term of 10 years. Also, a whopping majority of 82.63 percent Gen Z borrowers also knew that [private student loans](#) accumulate interest during periods of deferment. However, 19.76 percent of students didn't know if they had private student debt.

Identifying the [difference between unsubsidized and subsidized student loans](#) gave our respondents a bit more trouble. But 36.24 percent, or the plurality, of Gen Zs knew that unsubsidized loans do accrue interest during deferment.

Only 26 percent of Gen Zs knew that subsidized student loans do not accumulate interest during deferment.

On a positive note, the majority of private student loan borrowing Gen Zs, 50.85 percent, correctly identified the risks cosigners are taking when they cosign on a private student loan. As a cosigner, a parent or guardian becomes a partner in repaying the student loan; if the borrower misses a payment, the cosigner's credit score takes a hit.

Now, for a couple of negative highlights from the survey.

The majority of Gen Z poll participants, 55.76 percent, incorrectly believed that

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Student loan borrowers of Generation Z actually had a decent grasp of basic student loan information, but there is room for improvement. Perhaps some Gen Zs would want to learn about their student loan debt if they wrapped their heads around how much they owe in student loans. Knowing the gravity of their respective student loan debt situations might motivate them to understand the entire process so that they can pay their debt down more efficiently.

Nearly one-third of Gen Zs, 32.24 percent, have never looked at their student loan accounts.

A Good Number of Gen Zs Are Not Confident About Repaying Their Student Loan Debt

The average federal student loan default rate is currently at 11.5 percent.

Unfortunately, many student loan borrowers are never able to fully repay their student loan debt, whether it's because of unforeseen circumstances, failure to land a job, or something else.

We asked student loan borrowers from Generation Z the following: "Do you believe that you will be able to fully repay your student loan debt?"

A combined 39.18 percent of Gen Zs with student loan debt either answered "no" or "unsure" when asked if they believed they would be able to repay their educational debt.

Some of this can be attributed to the stress a college student experiences when thinking about the working world after graduation, but that number is still a bit

unsettling. Having a better understanding of the entire student loan process could

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qualifications were found using a screener question. The poll was conducted over a 14-day span, starting on Feb. 22, 2018, and ending on Mar. 7, 2018. All respondents were asked to answer each question truthfully and to the best of their ability.

Mike is a Research Analyst at LendEDU. He has written about everything from personal finance and student loans to the most recent millennial trends. Mike's work has been featured on The Washington Post, Business Insider, The Wall Street Journal, Forbes, CNBC, and many more. Follow Mike on Twitter @mikebrownEDU for his latest opinions.

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