

Paving the Way to Loan Repayment

September 30, 2015



Student-loan balances are ballooning, and many borrowers struggle to keep pace with their loan payments. Loan repayment plans that are tied to borrowers' current incomes can make repayment more manageable, but borrowers have to know about and apply for these programs. The office of [Federal Student Aid at the Department of Education](#) coordinated with the White House Social and Behavioral Sciences Team to test an email campaign intended to raise awareness and use of these income-driven repayment options.

The researchers identified borrowers who were between 90 and 180 days past due on their student loans and randomly assigned them to receive a specific email, either in November or in December. Using behavioral science, the researchers varied the format and content to create four different emails: a long, comprehensive email; a shorter, less detailed email; a loss-framed email; and a gain-framed email.

A total of 1.02% of borrowers who received an email submitted an application for income-driven repayment within 20 days, compared with only 0.23% of those who were not sent an email. The results suggest that the longer email was slightly more effective — 1.04% of those who received the longer email submitted an application within 20 days, compared with only 0.86% of those who received the shorter email.

The effect sizes may be relatively small, but the researchers point out that the results only capture applications submitted within 20 days of receiving a single email. They argue that even a small effect in such a large population can result in meaningful outcomes for thousands of borrowers.