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The pause on reporting delinquent federal student loans to credit rating bureaus has ended: Implications for consumer spending

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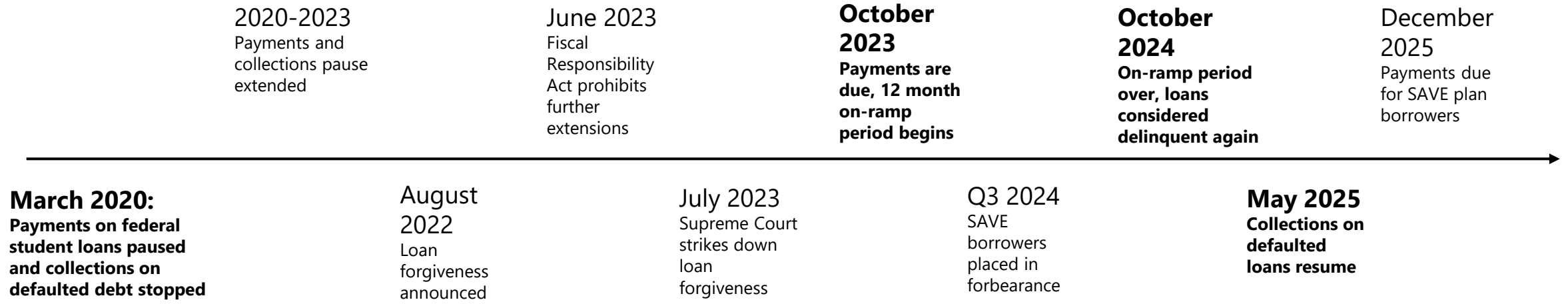


Overview

- 45 million people have a federal student loan. 24% are delinquent among those obligated to pay.
- **Eleven million consumers could see their credit scores decline and therefore lose access to borrowing if they don't start repaying their student loans.**
- Millions of people had their student loan payments paused during the pandemic, but now they have to start paying them back again, which makes it harder for households to afford other things, and that can slow down consumer spending.
- In addition, student loan borrowers that don't pay their student loans will now see their credit scores go down. A lower FICO score will impact their ability to borrow and buy a new car, a new washing machine, and a new mobile phone. Declining credit scores for millions of people will also slow down consumer spending.
- This chart book quantifies the magnitude of this headwind.

A timeline

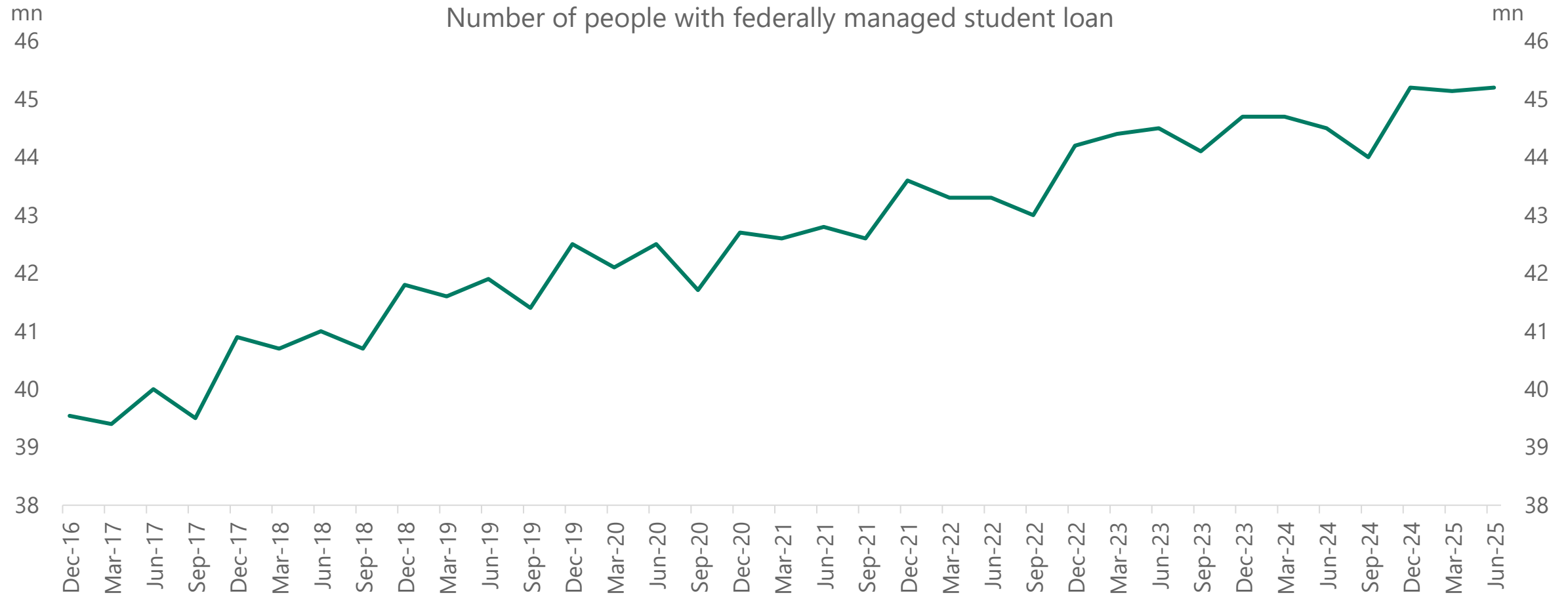
Student loan timeline



How many people have a federal student loan
and how many are behind on their payments?

45 million people have a federal student loan

For comparison, the private student loan debt market is less than 10% of the federal student loan market.



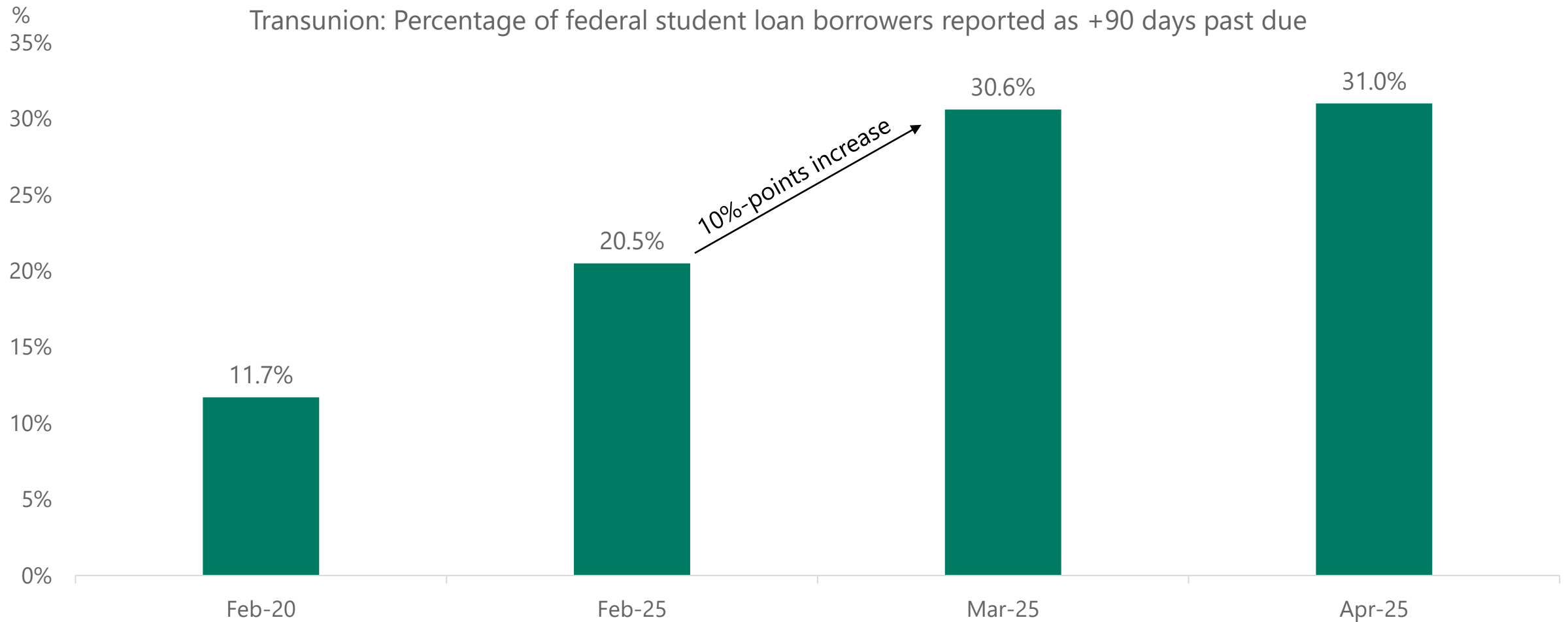
The federally managed student loan portfolio

	Number of people (mn)	Balance (\$bn)
Repayment	18.9	603.7
of which, 91-180 days delinquent	6	161.6
Forbearance	10.1	564.9
In school plus in grace period plus deferment	10.9	289.4
Default	5.3	115.8
Total	45	1574

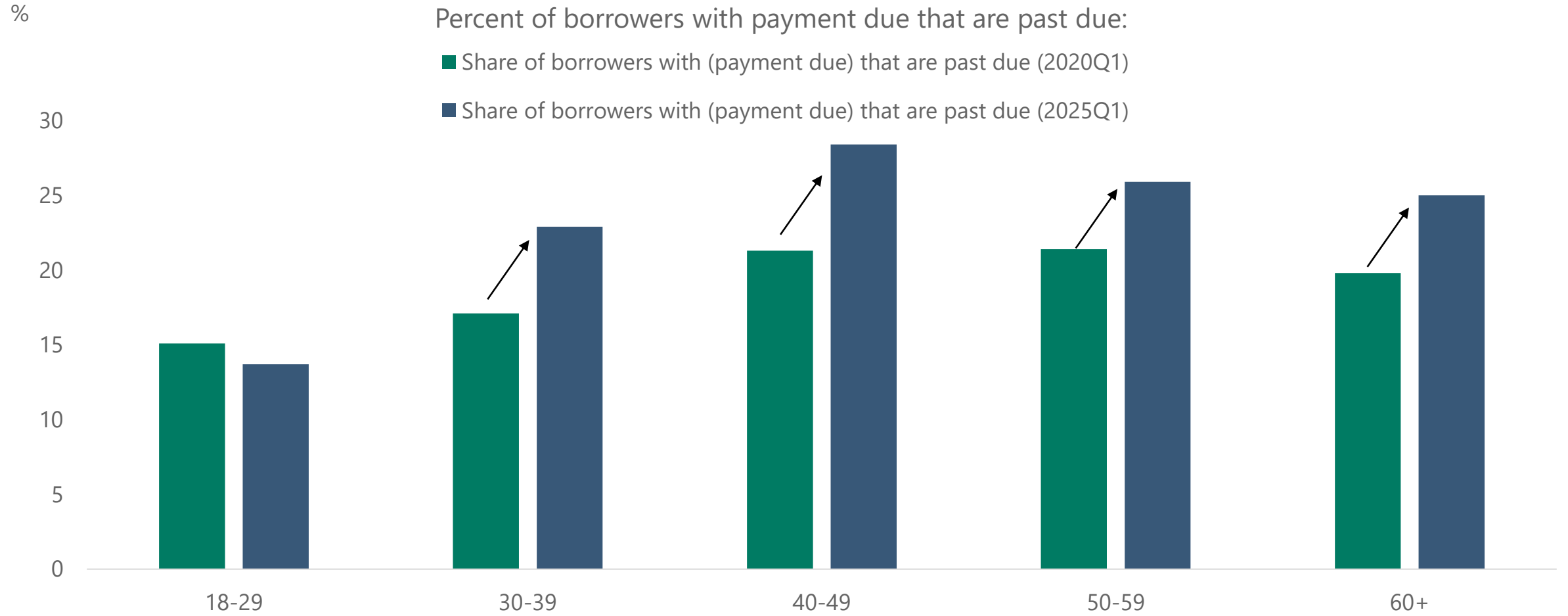
11mn households potentially seeing their credit scores decline

Source: Apollo Chief Economist, FSA. Note: Figures in row two are a subset of row one. Repayment: Includes loans that are in an active repayment status, Forbearance: Includes loans in which payments have been temporary suspended or reduced as a result of certain types of financial hardships. Approximately 180 days following the loan's first 90+ DPD delinquency reporting, at 270 days past due, the borrower enters default status, where the borrower is subject to collection actions by the U.S. Department of Education.

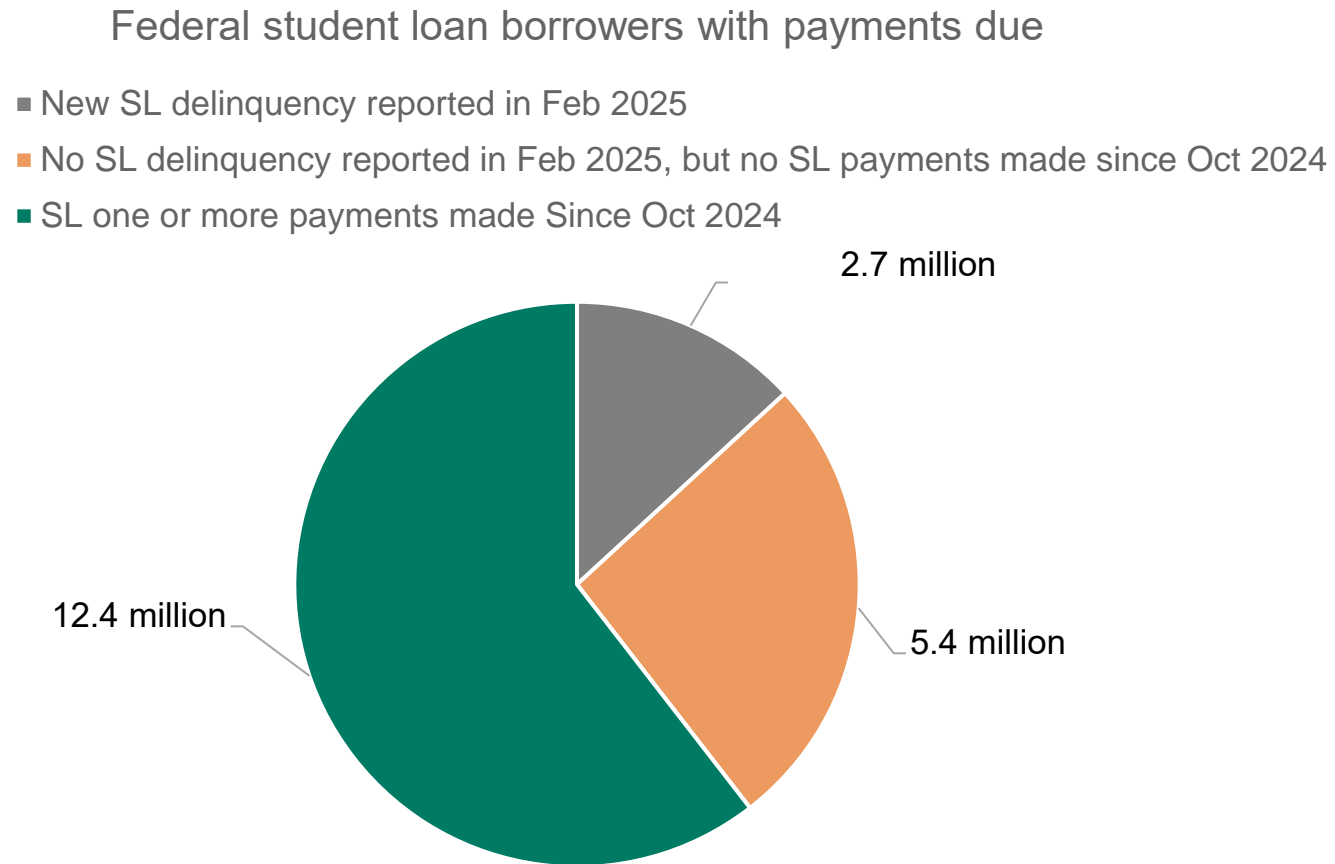
The student loan delinquency rate has jumped in recent months



Percentage of borrowers who are delinquent, by age

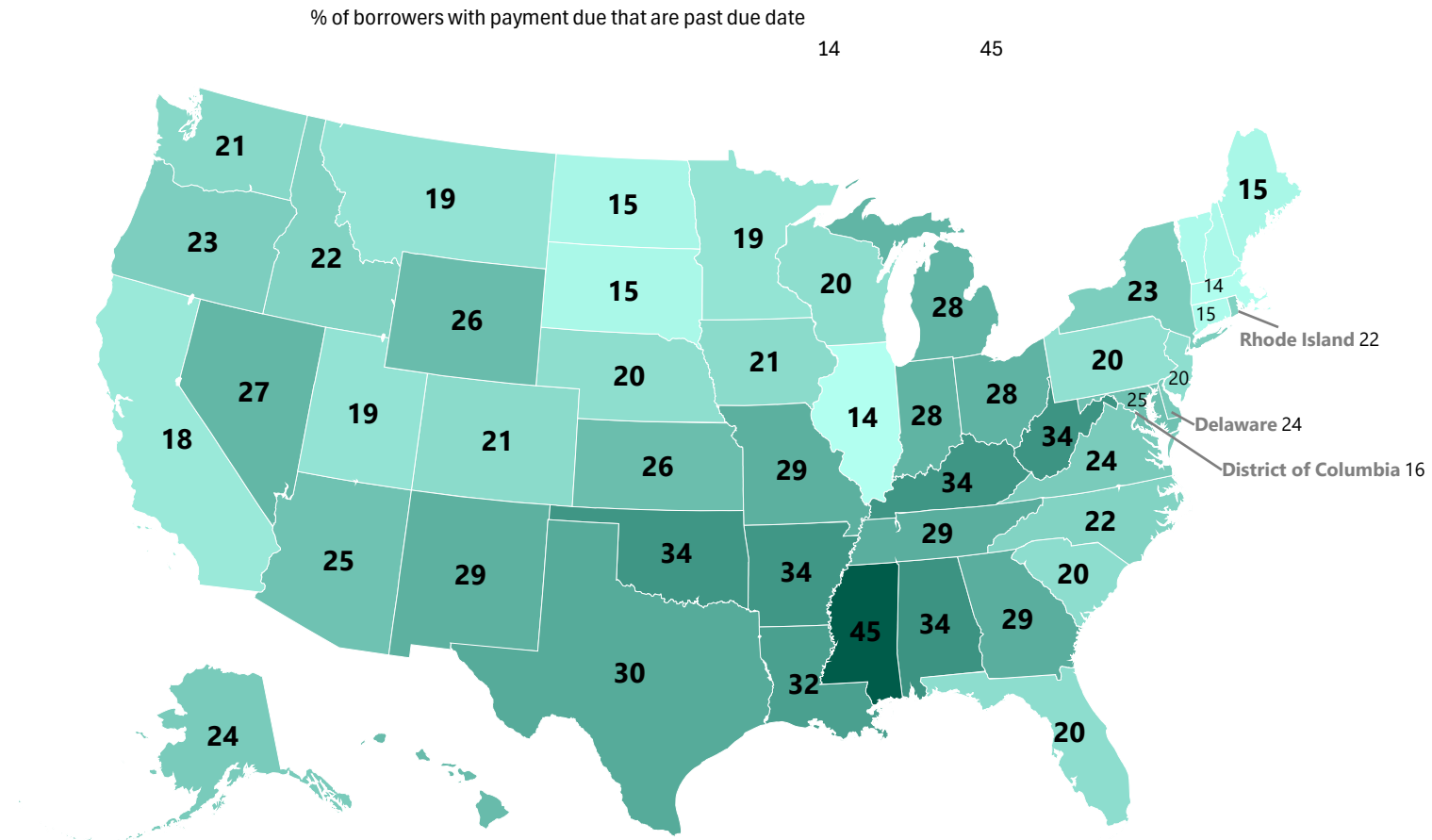


Millions of households are behind on paying their student loans



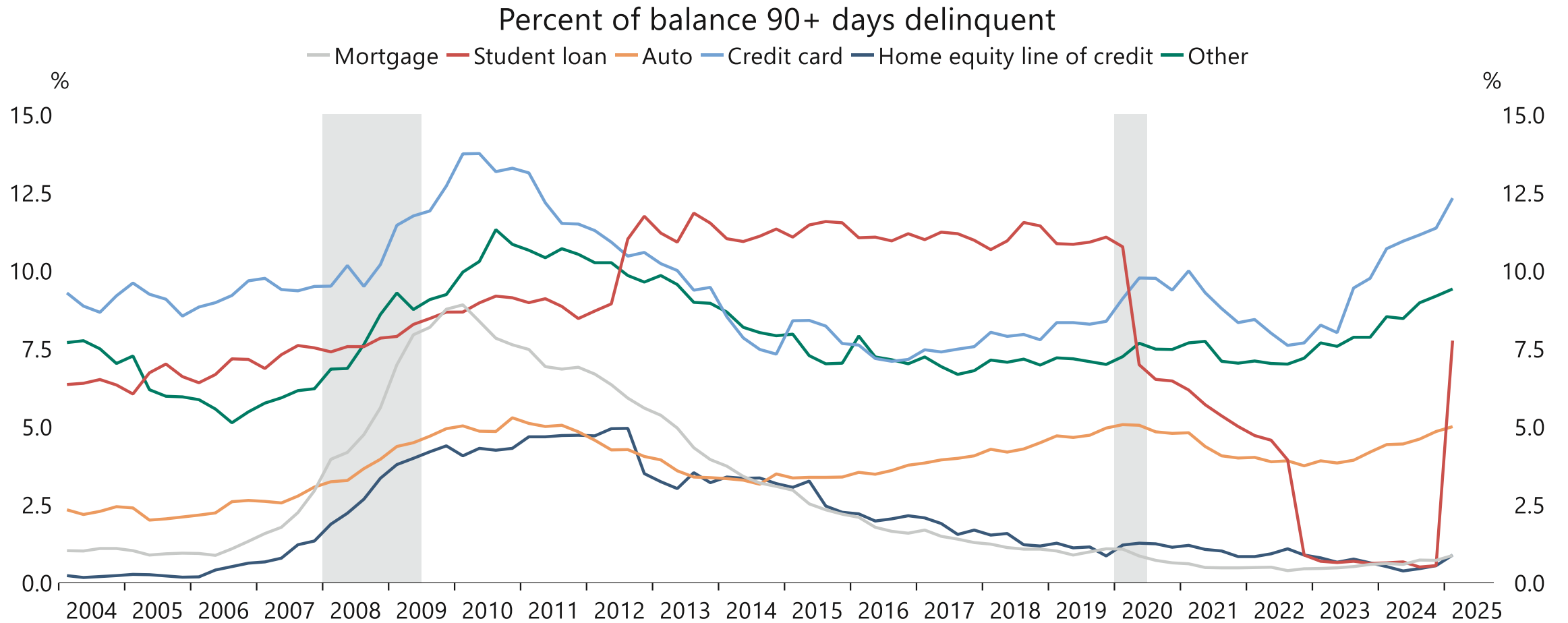
Student loan delinquencies higher in the south

Percent of borrowers (with payment due) at least 90 days past due (2025Q1)



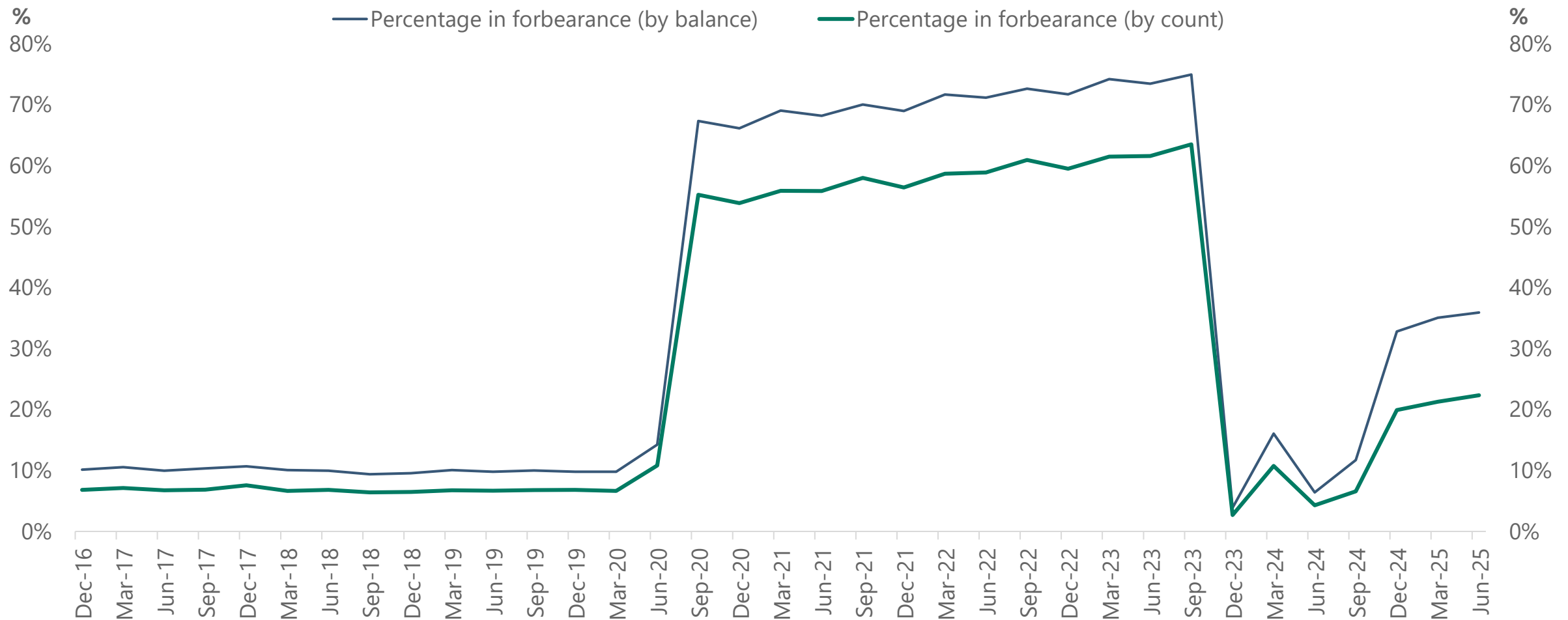
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The pause on reporting delinquent federal student loans has ended

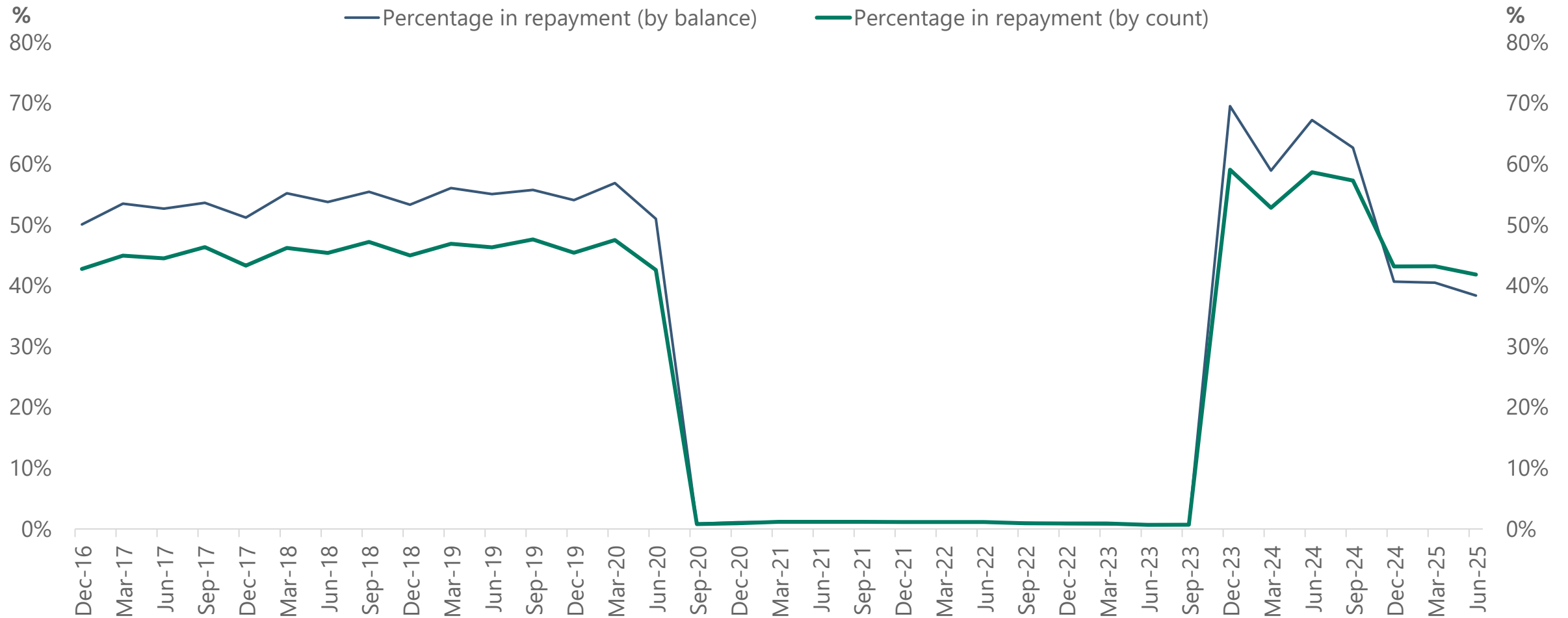


Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

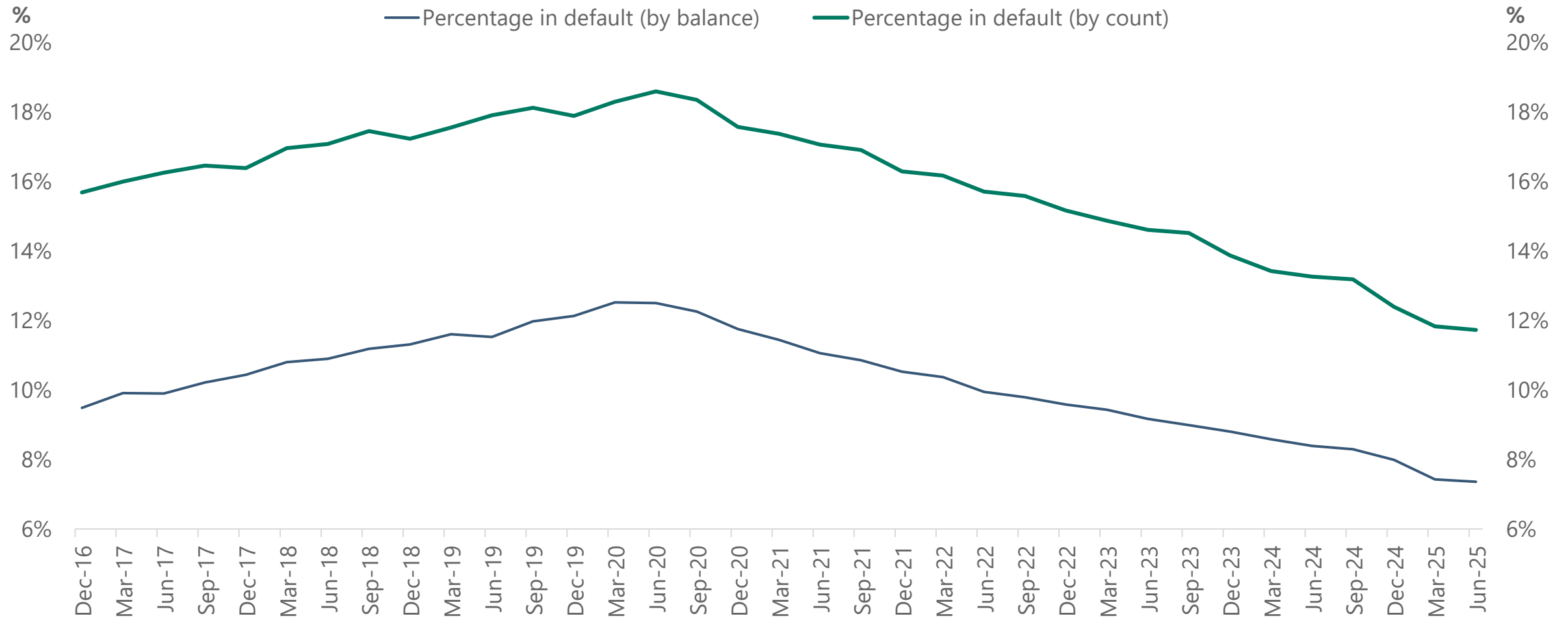
Share of student loans in forbearance. Includes loans in which payments have been temporary suspended or reduced as a result of certain types of financial hardships



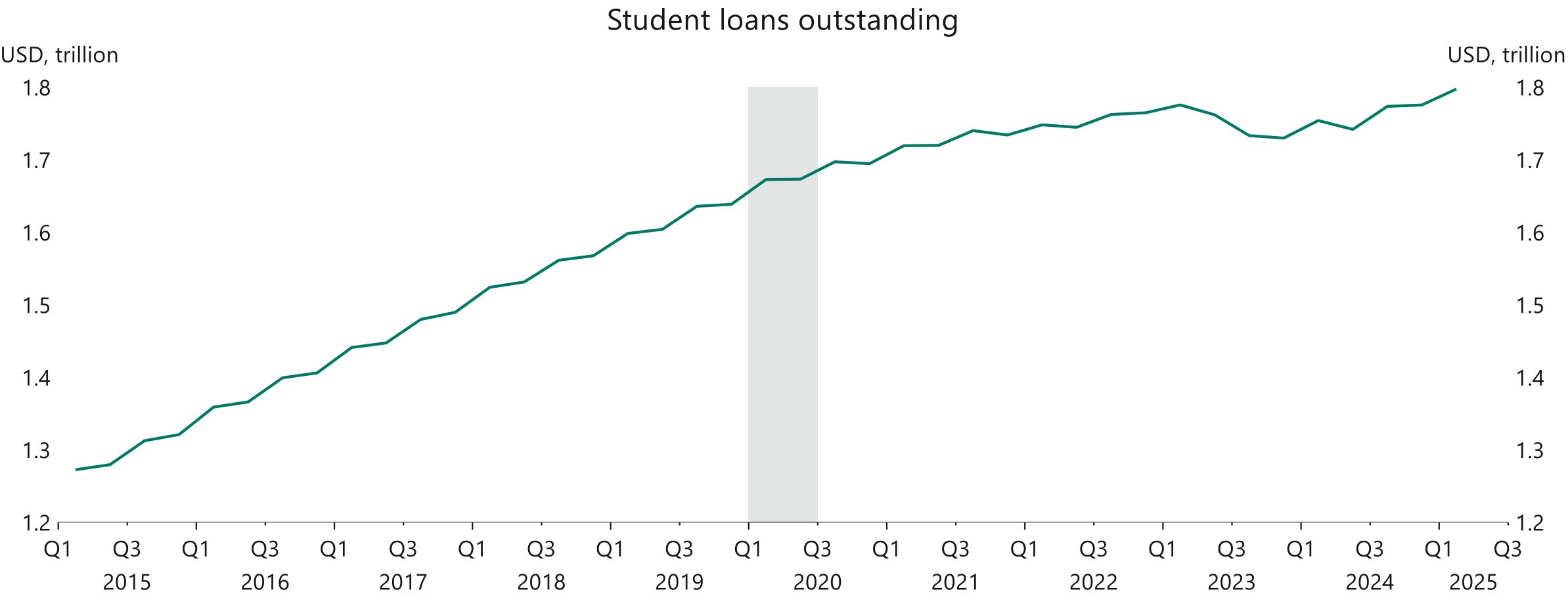
Percentage of loans in repayment, meaning loans that are in an active repayment status



Percentage of federal student loans in default

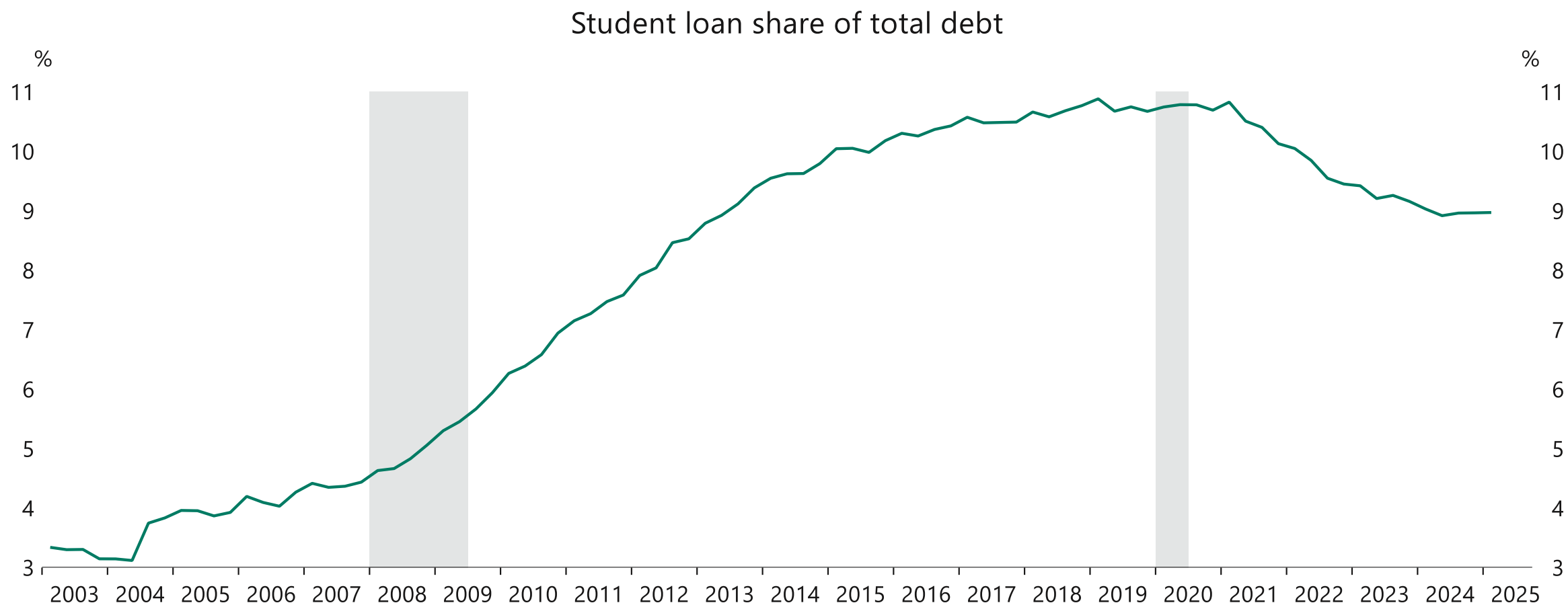


Total student loans balance outstanding: \$1.8trn



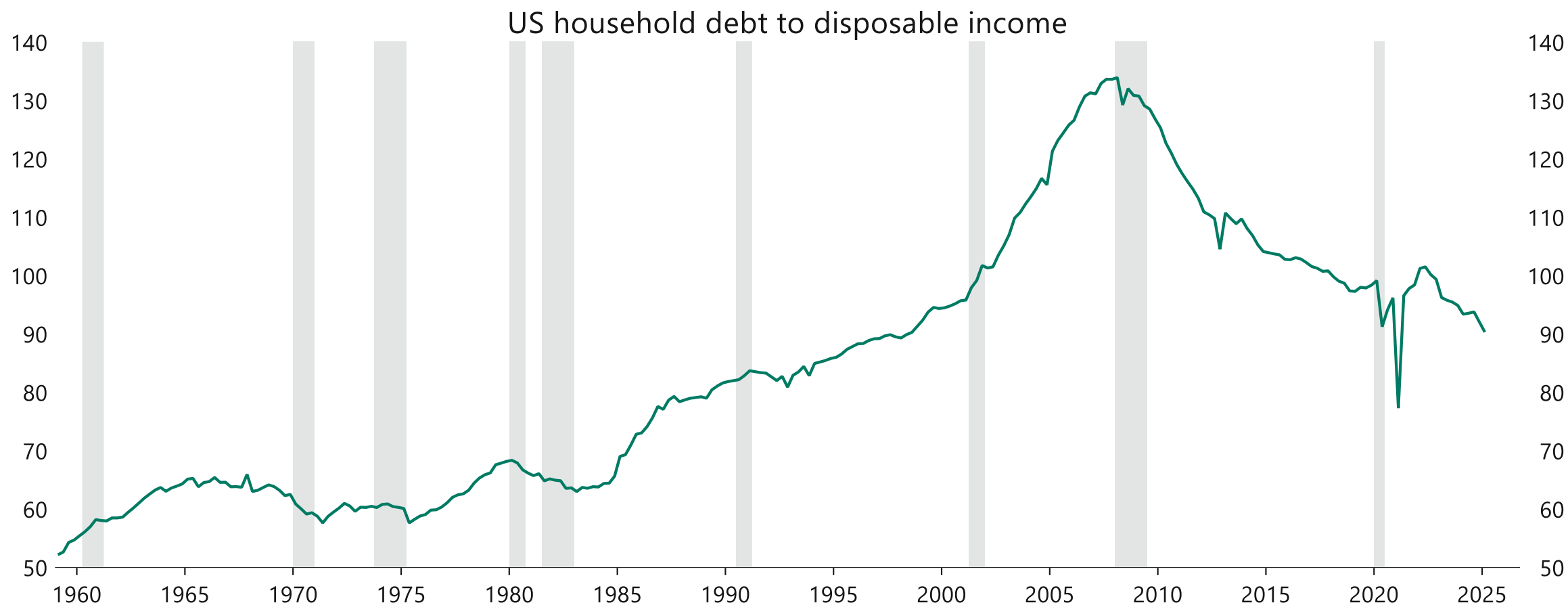
Source: Federal Reserve, Macrobond, Apollo Chief Economist

Student debt outstanding: 9% of total household debt



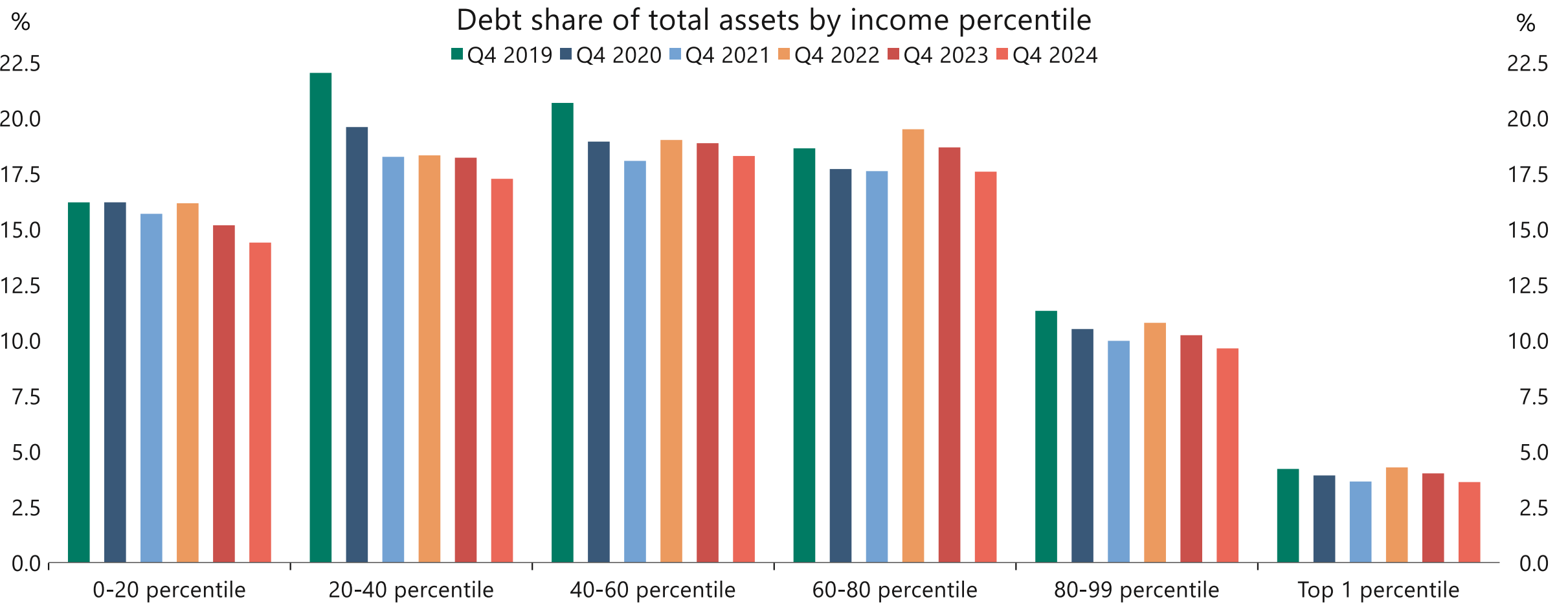
Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

US household debt to disposable income



Source: <Property Source not found.>, Macrobond, Apollo Chief Economist

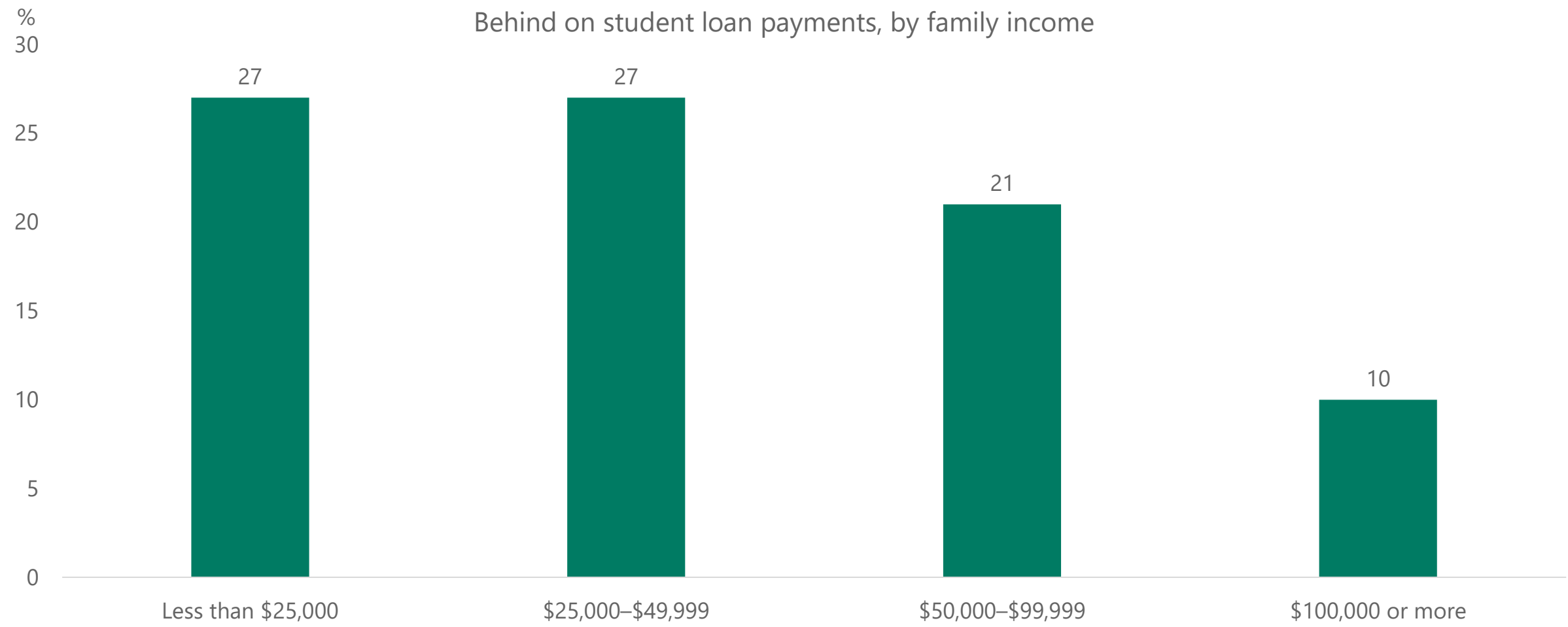
US debt as a share of total assets, by income percentile



Source: Federal Reserve, Macrobond, Apollo Chief Economist

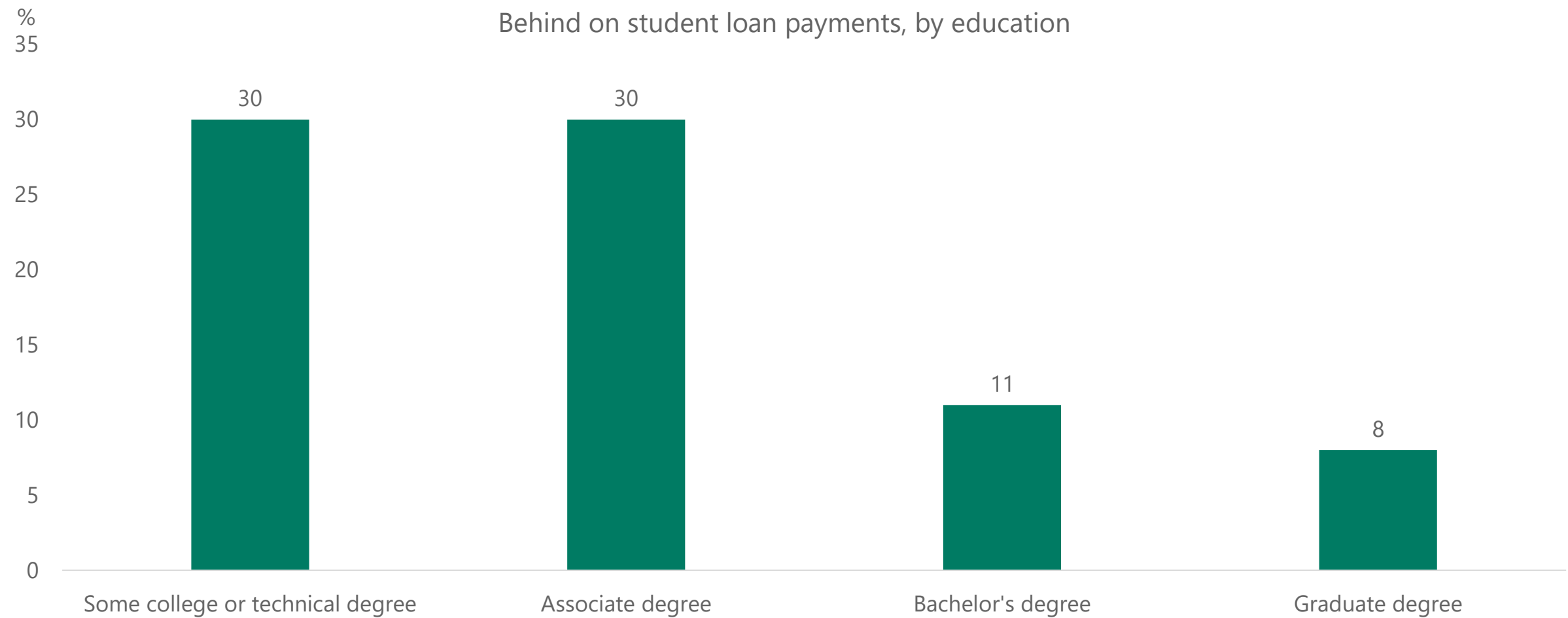
Who is behind on student loan payments?

Behind on student loan payments, by family income



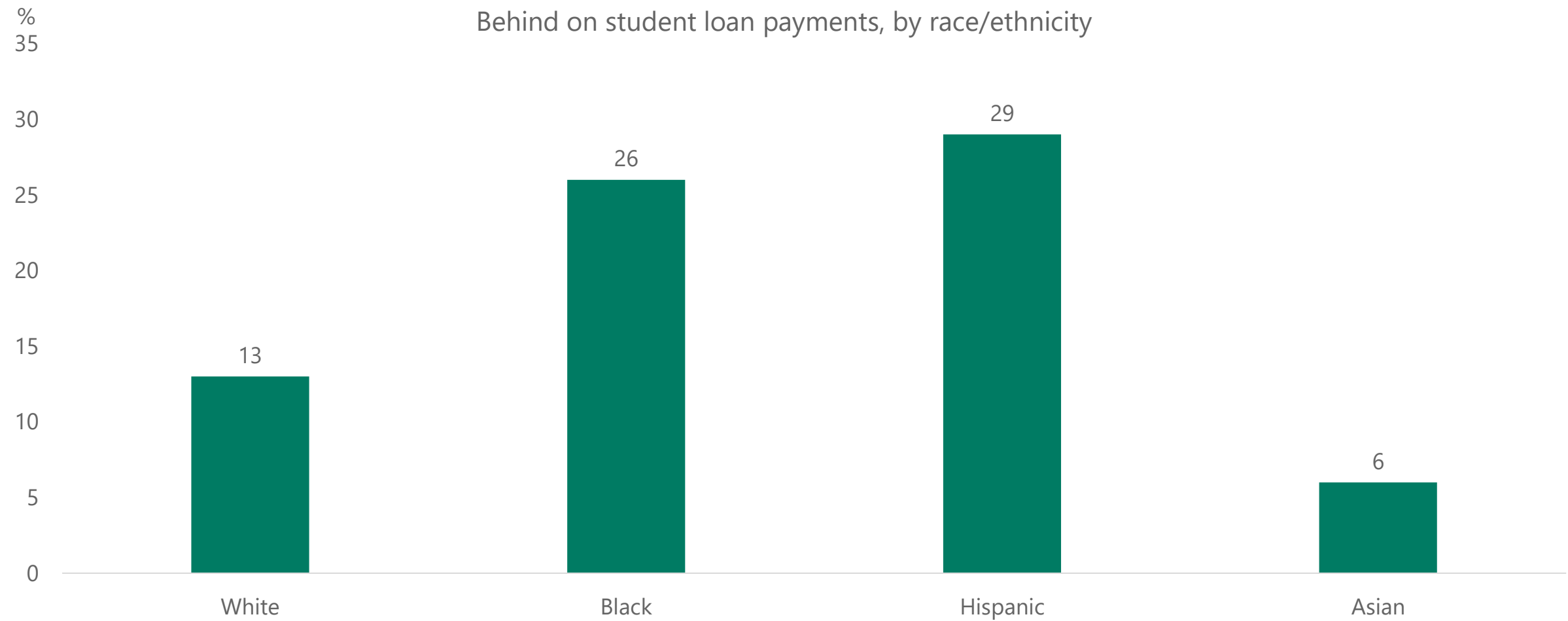
Source: Report on the Economic Well-Being of U.S. Households in 2024, Federal Reserve Board, Apollo Chief Economist

Behind on student loan payments, by education



Source: Report on the Economic Well-Being of U.S. Households in 2024, Federal Reserve Board, Apollo Chief Economist

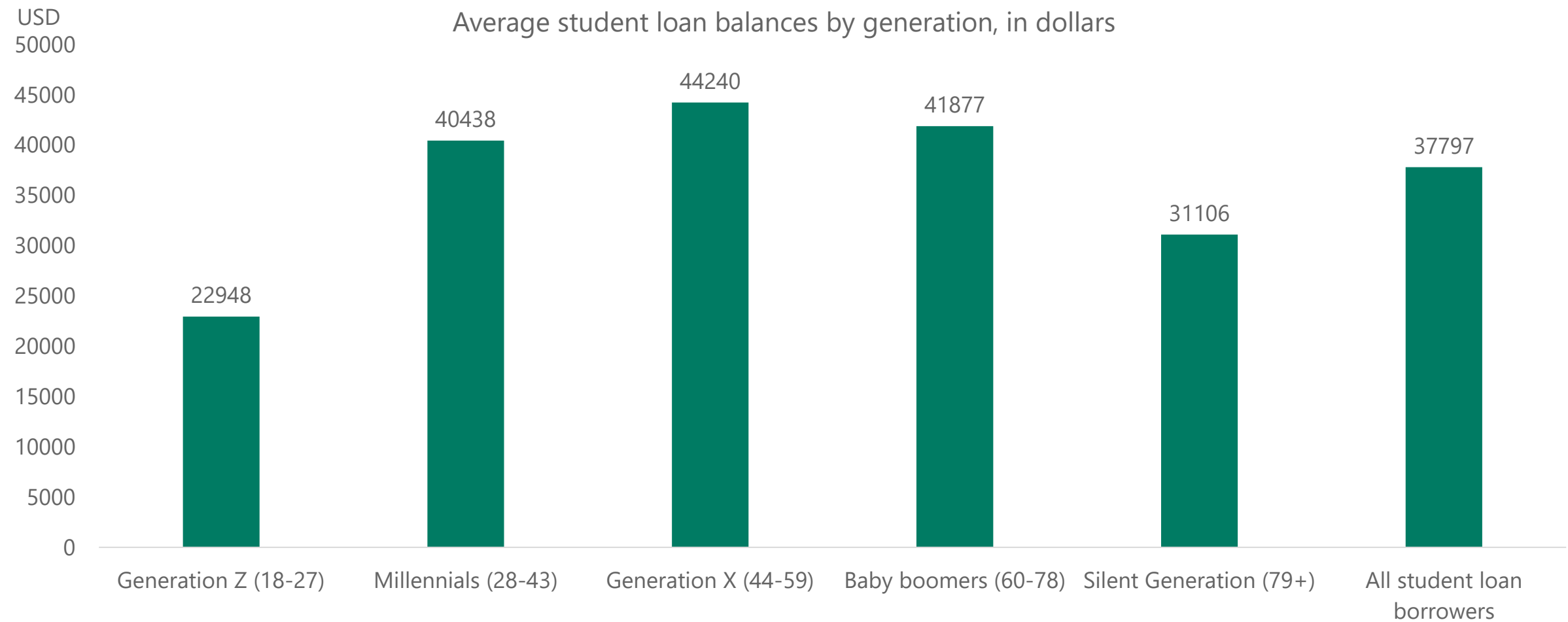
Behind on student loan payments, by race/ethnicity



Source: Report on the Economic Well-Being of U.S. Households in 2024, Federal Reserve Board, Apollo Chief Economist

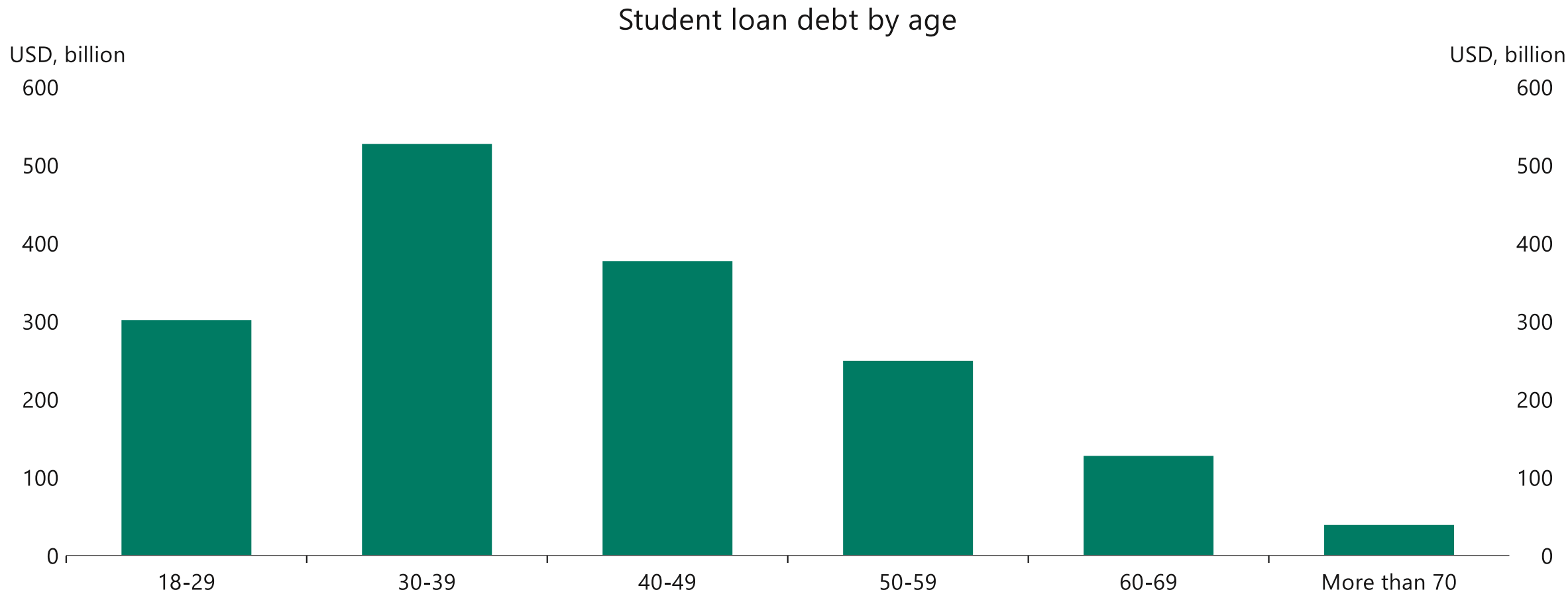
The distribution of student loans

People age 44 to 59 years old have the highest average student loan balance



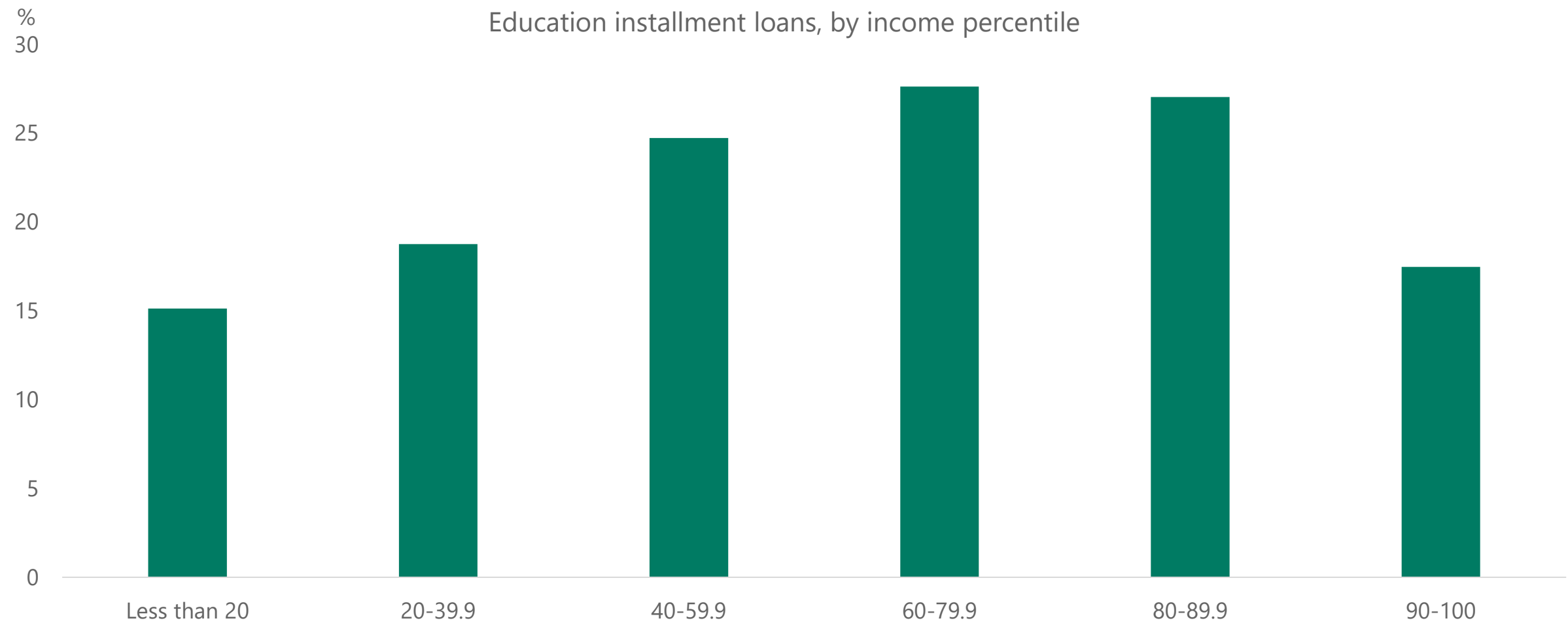
Source: Experian, Apollo Chief Economist. Note: Experian data as of March 2024; ages as of 2024

Student loan debt outstanding higher in the age group of 30-49



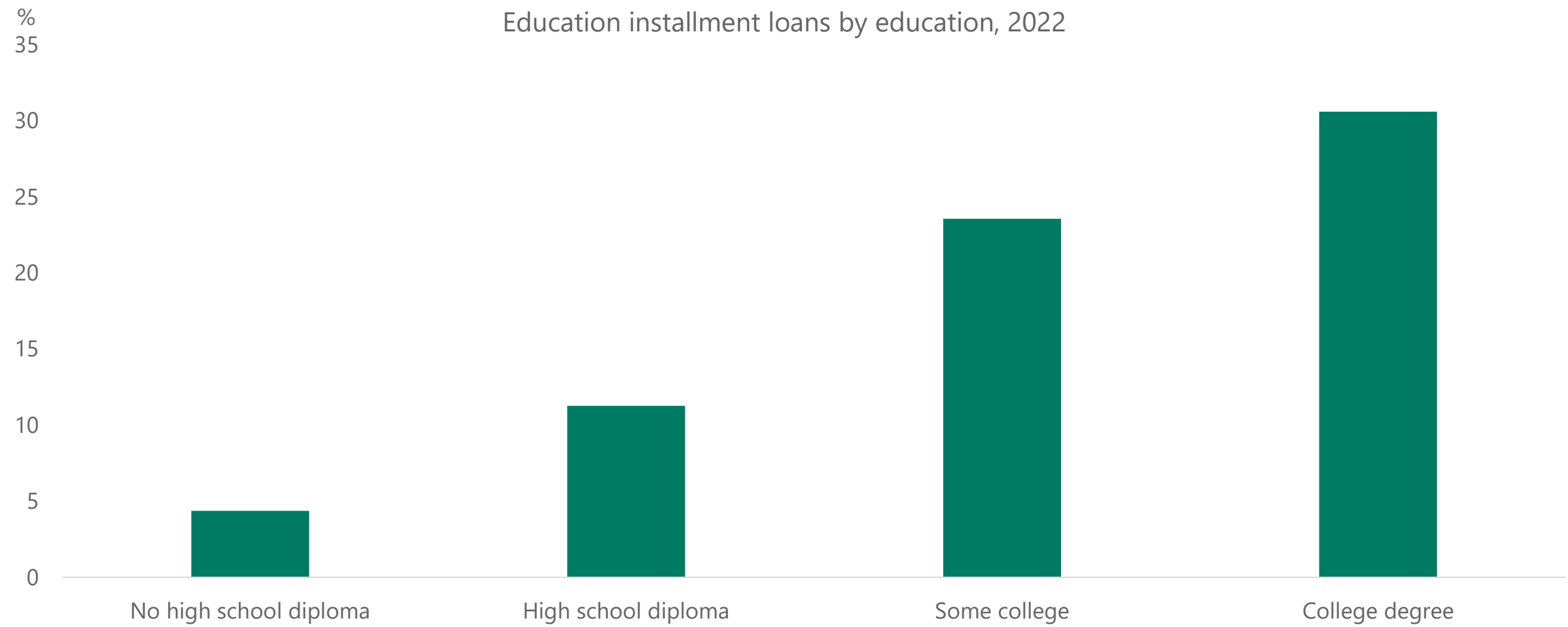
Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

Student loan distribution, by income percentile



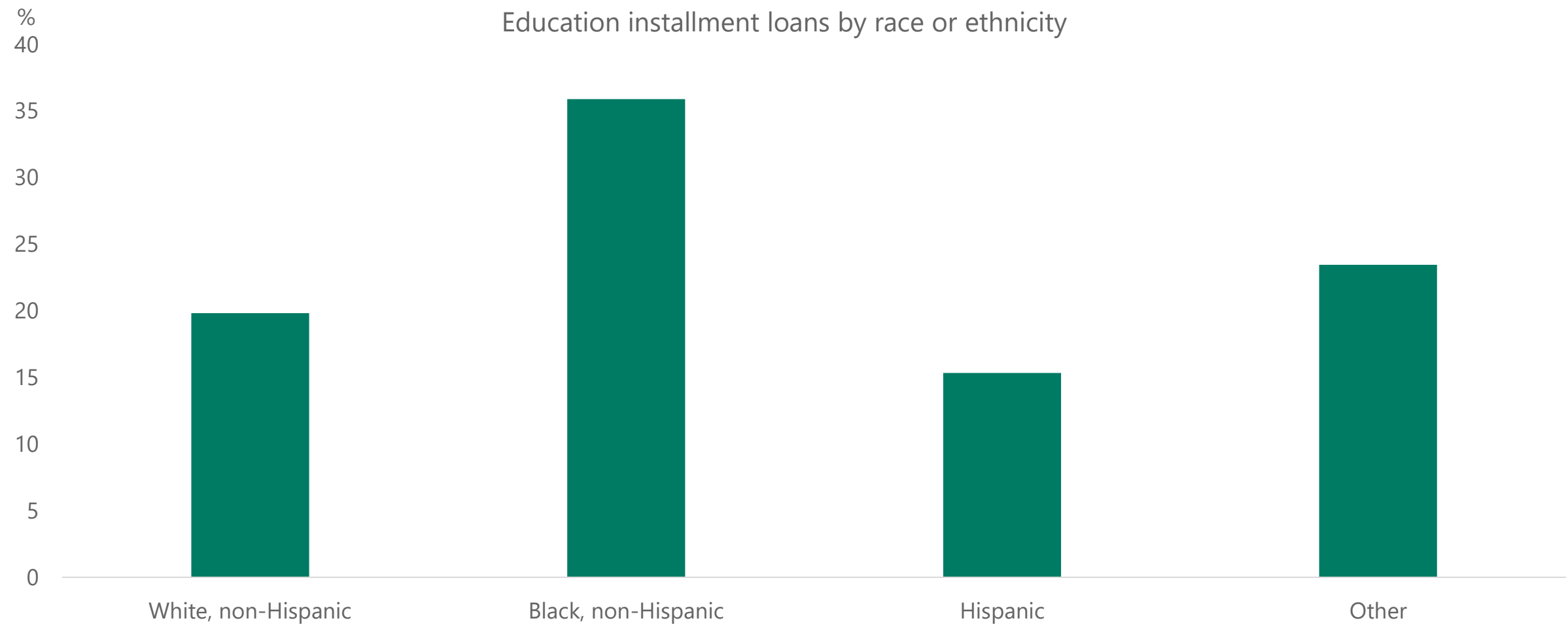
Source: Survey of Consumer Finances, 2022, Apollo Chief Economist

Student loan distribution, by education



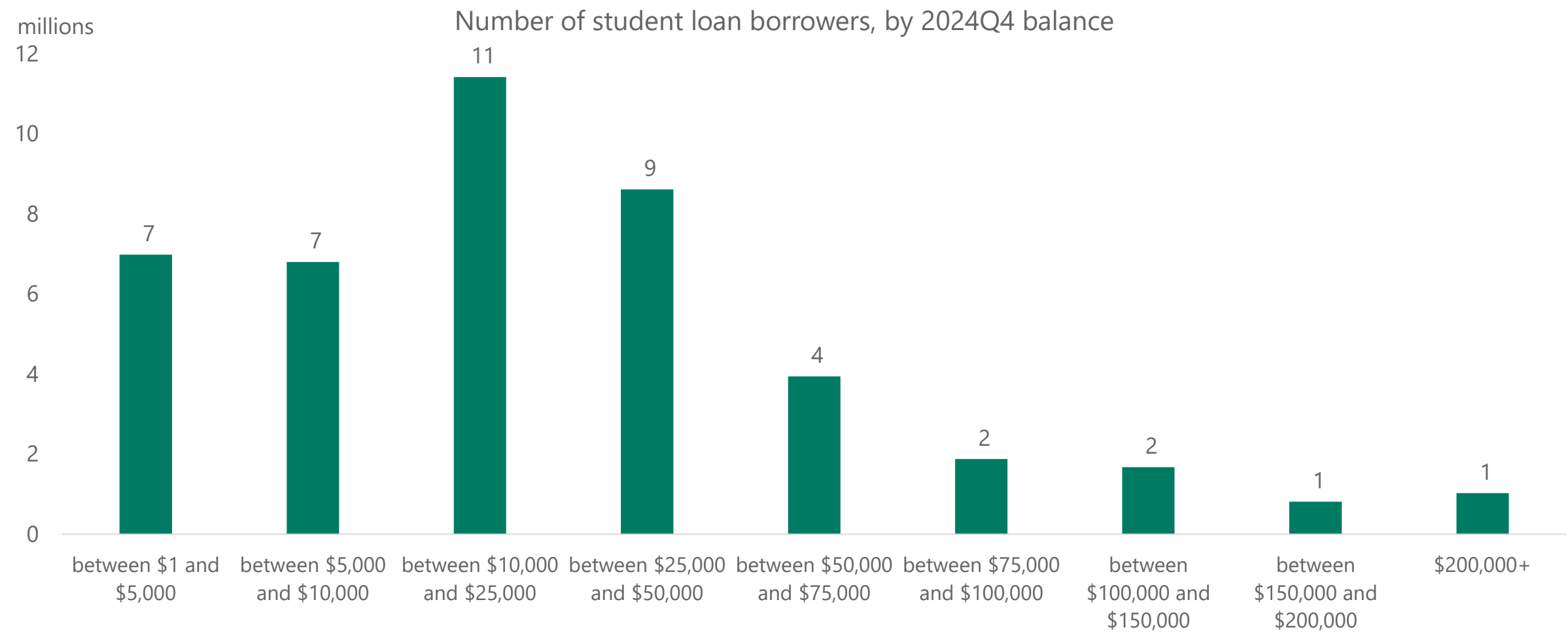
Source: Survey of Consumer Finances, 2022, Apollo Chief Economist

Student loan distribution, by race/ethnicity



Source: Survey of Consumer Finances, 2022, Apollo Chief Economist

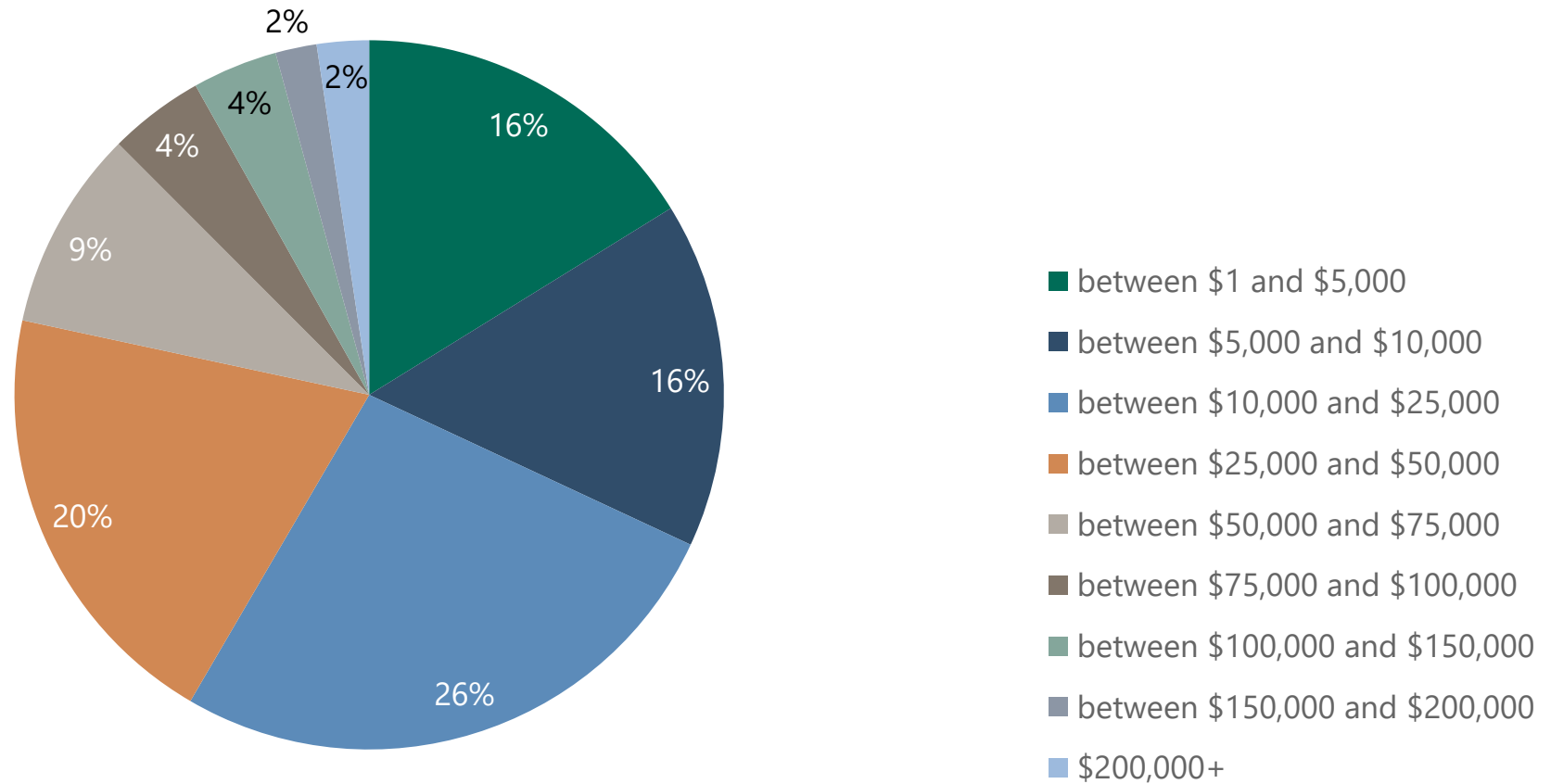
Number of student loan borrowers, by balance



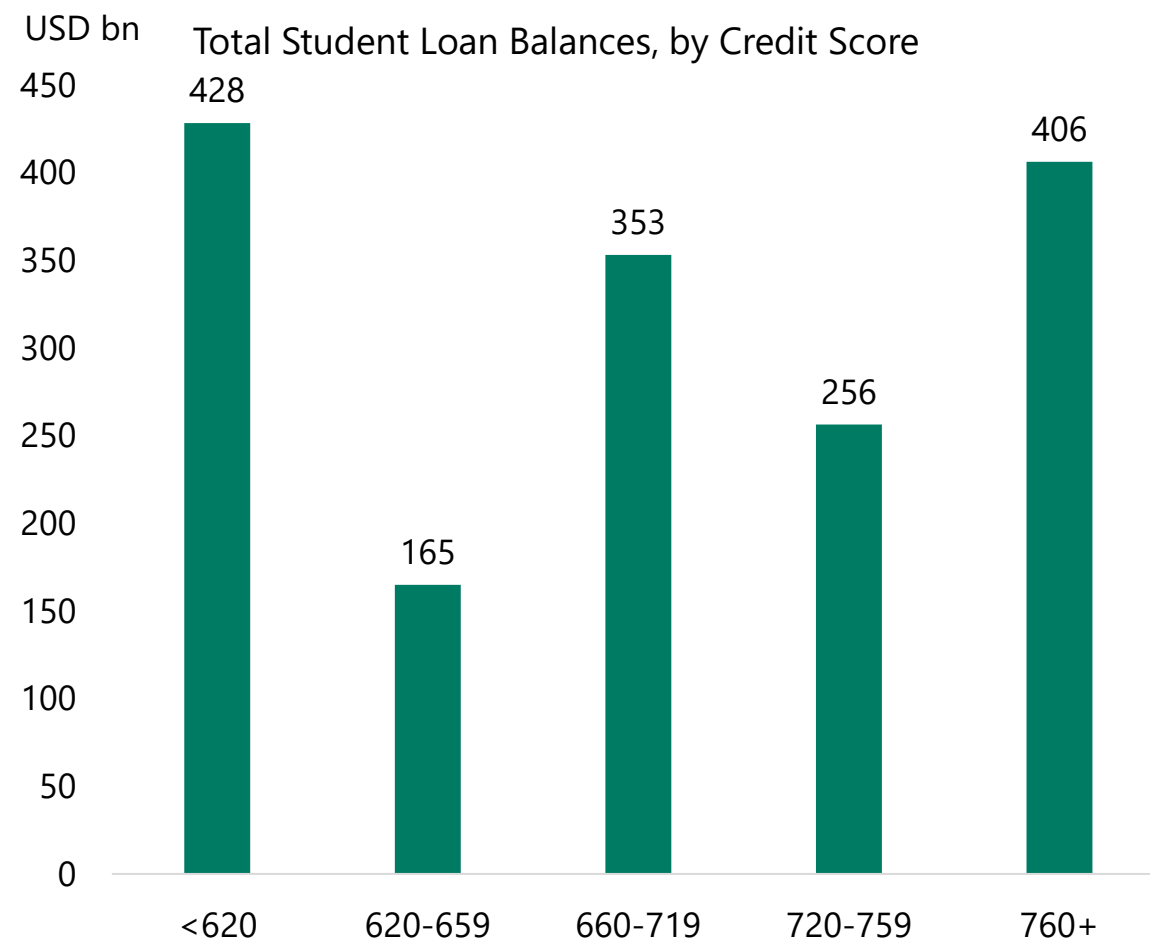
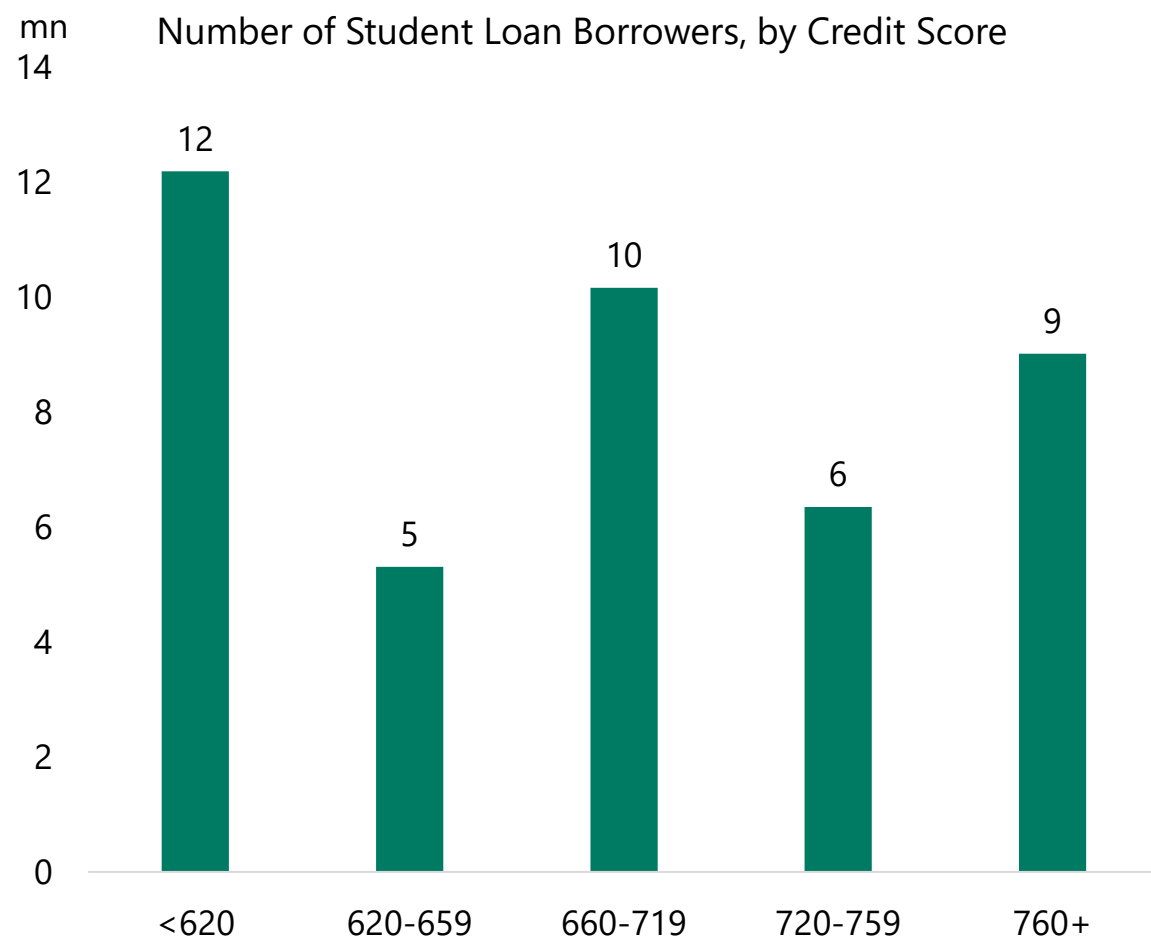
Source: FRBNY Consumer Credit Panel/Equifax, Apollo Chief Economist

Distribution of student loan borrowers, 2024Q4

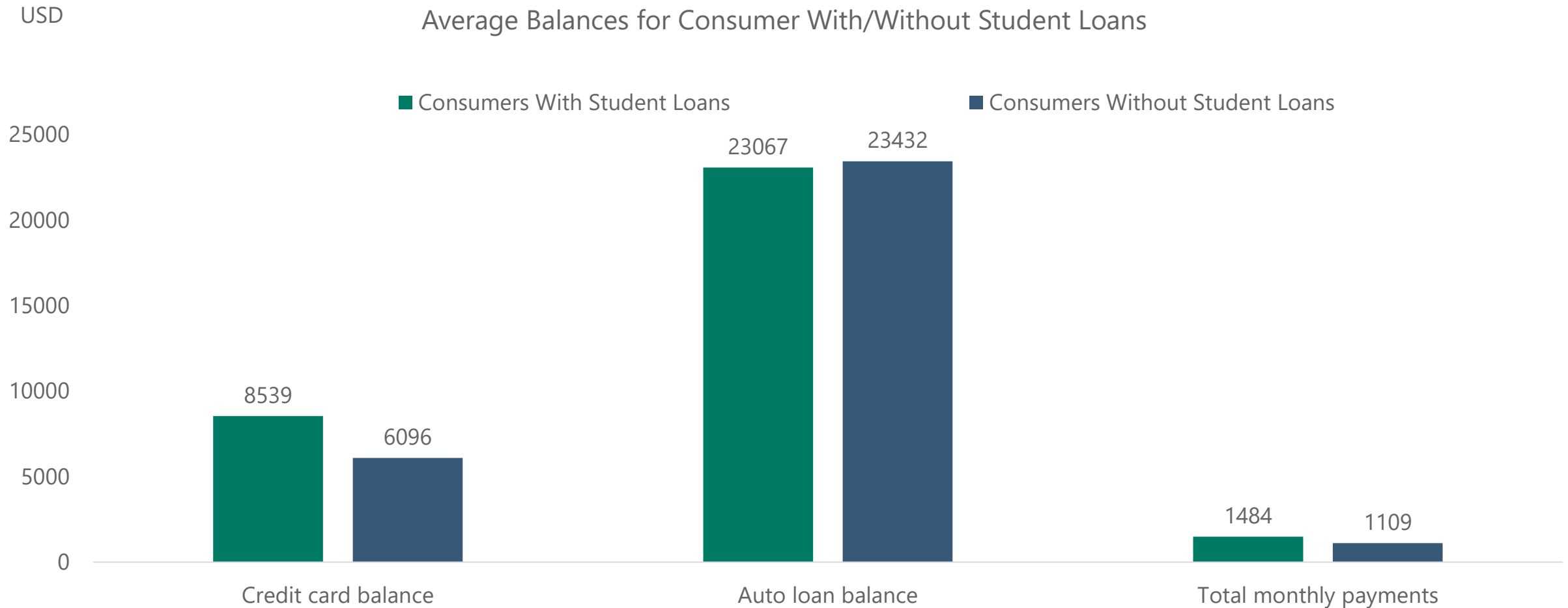
Distribution of Student Loan Borrowers by 2024Q4 Balance



Credit score distribution

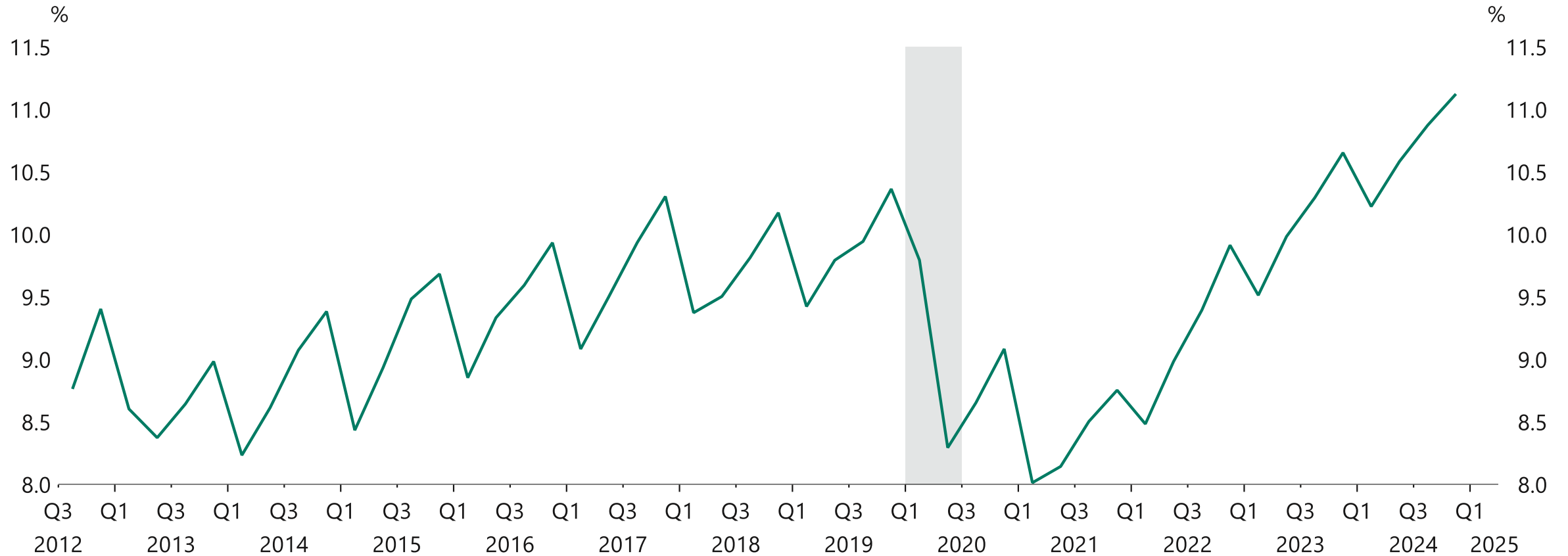


Consumers with student loans have higher credit card balances and monthly payments



Share of credit card accounts only making minimum payment is rising

Credit Card Balances, Share of accounts making the minimum payment

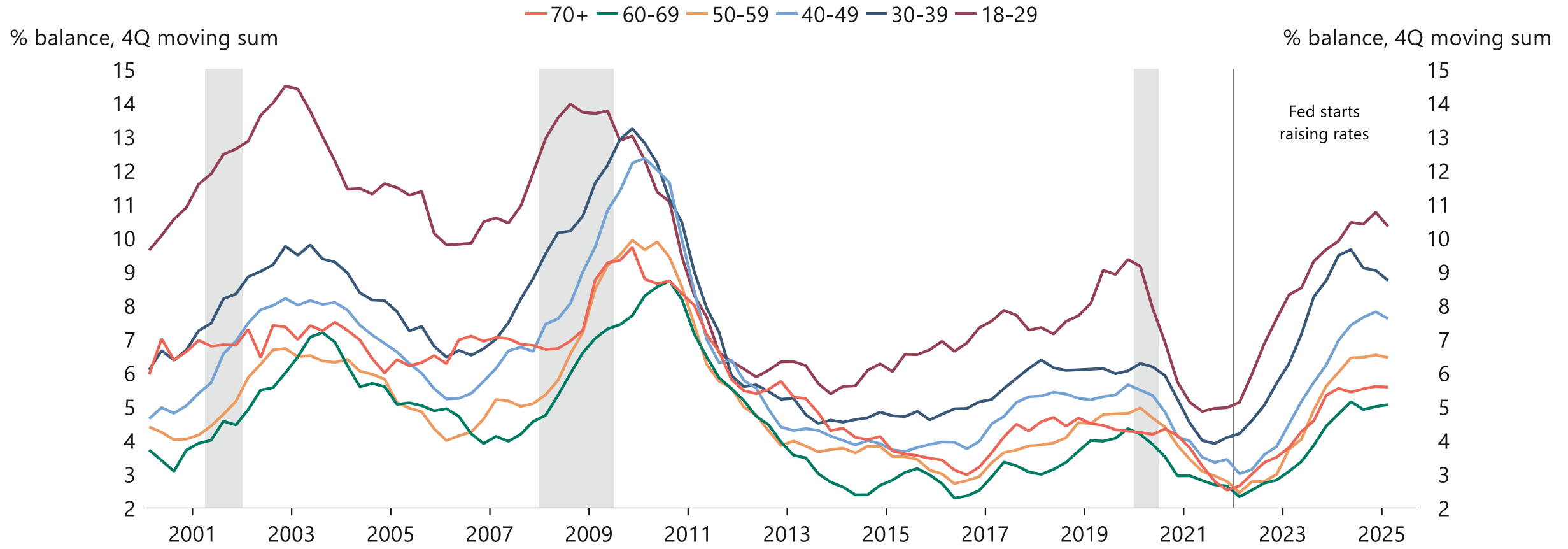


Source: Federal Reserve Bank of Philadelphia, Macrobond, Apollo Chief Economist

Delinquency rates for credit
cards and auto loans

Credit card delinquency rates peaking

Credit card transitions to serious delinquency (90+), by age



Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

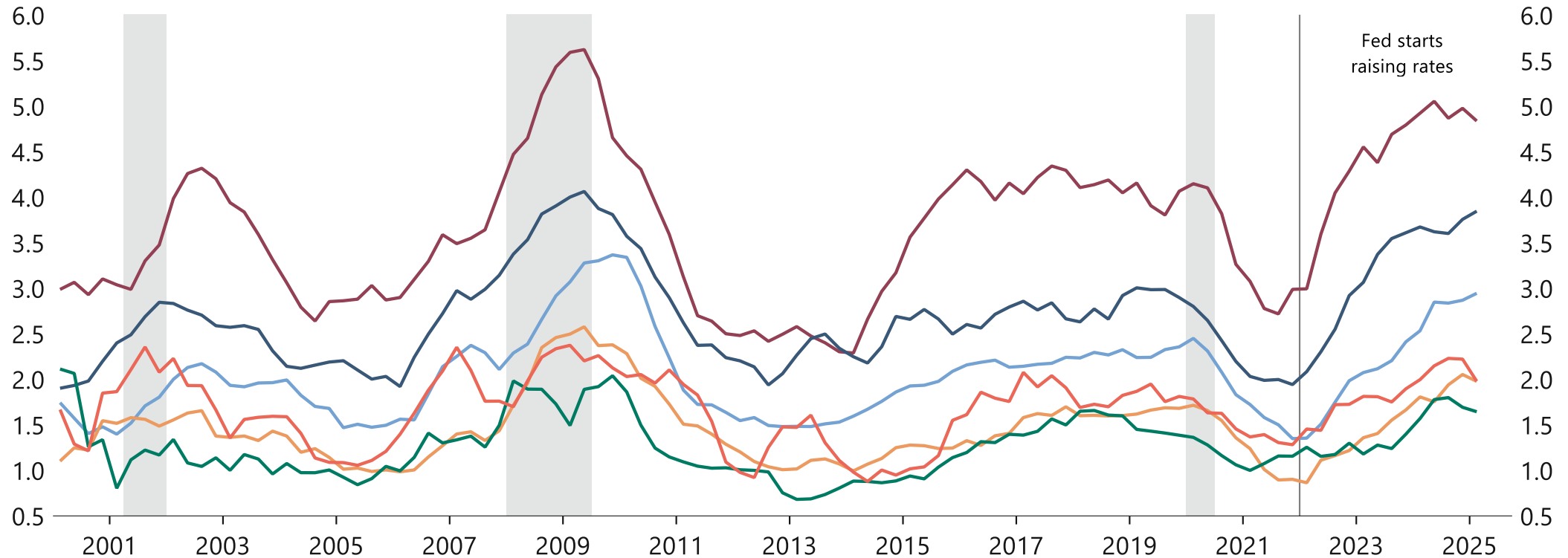
Auto loan delinquency rates peaking

Auto loan transitions to serious delinquency (90+), by age

— 70+ — 60-69 — 50-59 — 40-49 — 30-39 — 18-29

% balance, 4Q moving sum

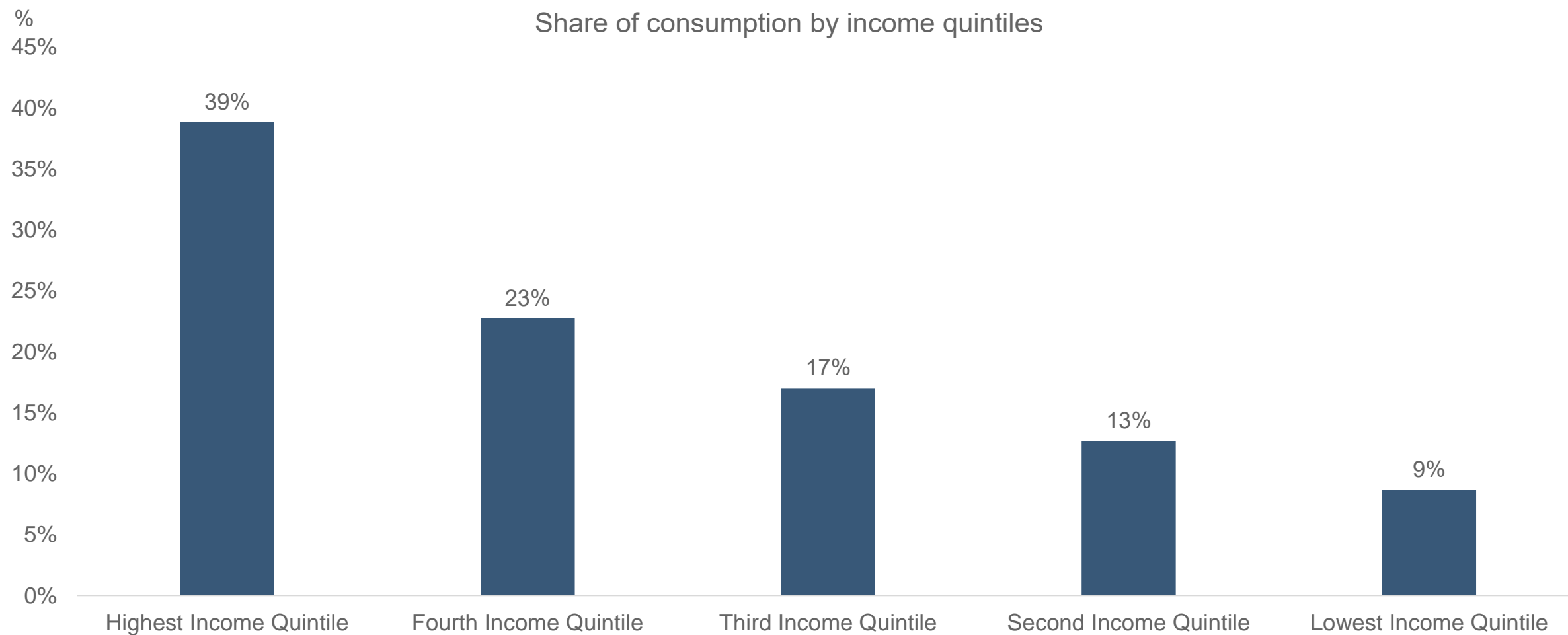
% balance, 4Q moving sum



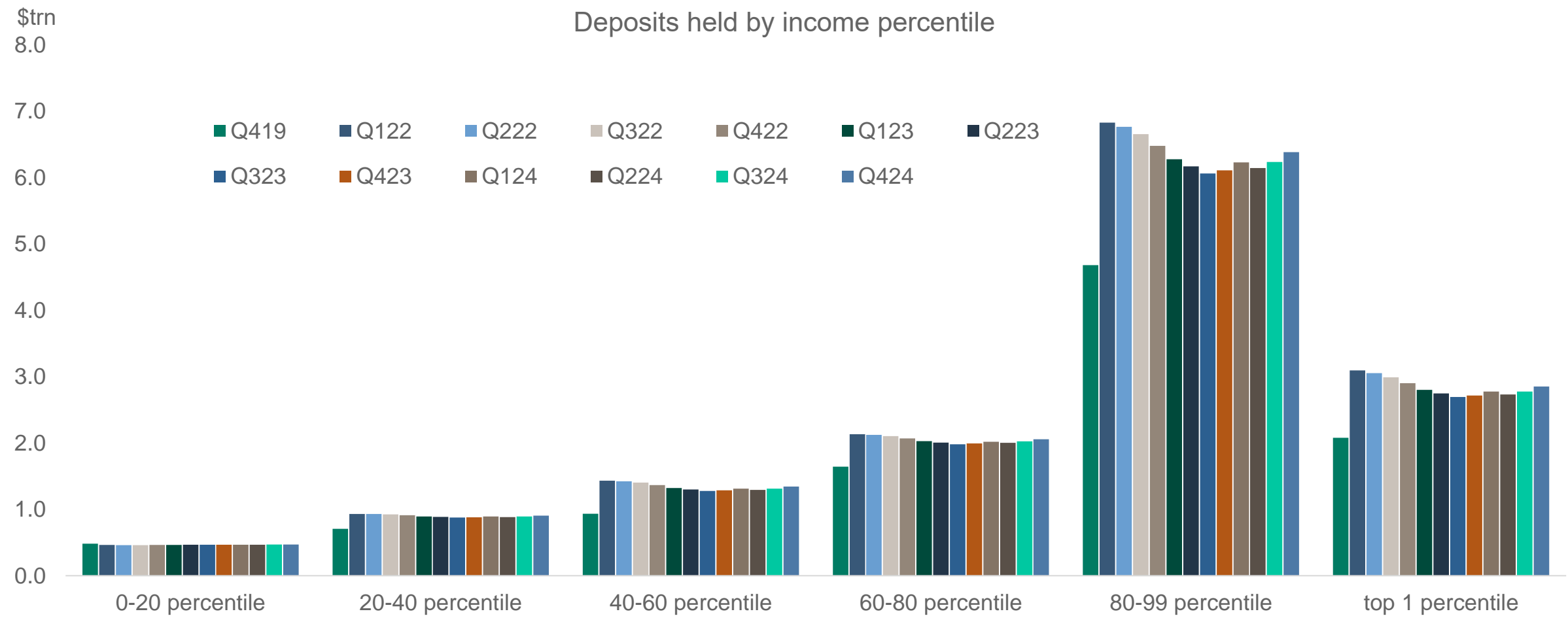
Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

The distribution of consumer
spending and savings by income

Share of total consumer spending, by income



Savings across the income distribution



Source: Federal Reserve Board, Haver Analytics, Apollo Chief Economist



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Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and has studied at the University of Copenhagen and Princeton University.