

Government Sees High Returns On Defaulted Student Loans

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Defaulting on federal student loans may not be such a bad thing--at least, not for the federal government.

After paying the companies that actually collect the loans and other costs, the U.S. Department of Education expects to recover 85% of defaulted federal loan dollars based on current value. The recovery figures are quite generous when compared with other corners of consumer debt. Banks, for example, often retrieve less than 10 cents on the dollar from overdue credit cards.

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