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February 20, 2025

Rep Forest Dunbar
Alaska Legislature
Juneau, AK 99801

RE: SB39 Support

Dear Senator Dunbar:

AARP finds that older adults face increasing financial challenges as they age and are poorly served by lending practices that threaten their financial livelihoods at a time when they are least able to rebound from shortfalls. Recent data estimate that nearly 1.8 million households headed by someone age 50 or older took out a payday, auto title, or related loan product in 2017—comprising more than two out of every five high-cost loan borrowers nationwide. 3.5 percent of households headed by someone age 50 to 64 used these products, reflecting similar usage to their younger counterparts, among whom 3.6 percent took out a loan. Of those age 65 and over, about 1.8 percent took out such a loan in 2017.¹

Meanwhile, borrower experiences after payday loan bans went into effect demonstrate that for many, the product was not necessary and without it, better alternatives were found. Ultimately, the preferred alternative may not be a credit product at all. In states that do not authorize storefront payday lending, 95 percent of would-be borrowers found other alternatives not involving credit, while only five percent took out a payday loan online or borrowed another way.²

AARP Alaska supports SB39 to protect the financial security of aging Alaskans. On behalf of the fastest growing senior population in the nation and our 77,000 AARP Alaska members, and for the benefit of all Alaskans, we thank you for your leadership on this important issue for older Alaskans.

Respectfully, Marge Stoneking
Advocacy Director, AARP Alaska

¹ AARP tabulations of Federal Deposit Insurance Corporation 2017 Survey of Unbanked and Underbanked Households. The June 2017 Current Population Survey asked a number of questions about financial services usage. This count includes any household in which someone took out "a payday loan or payday advance from some place other than a bank," or an auto title loan, or "any other types of loans or lines of credit from a payday lender, auto title lender, pawn shop, or check casher." (Pawn loans specifically were the subject of another question not included in this estimate.)

² Pew Charitable Trusts, "Payday Lending in America: Who Borrows, Where They Borrow, and Why," July 2012, available at https://www.pewtrusts.org/-/media/legacy/uploadedfiles/pes_assets/2012/pewpaydaylendingreportpdf.pdf