

Why companies should care about student loan repayment benefits now

The CARES Act is a stimulus bill passed by Congress in response to the COVID-19 pandemic.

Included in the CARES Act are provisions that address employer contributions towards employees' student loan debt – extending the pre-tax treatment of employer-provided educational assistance up to \$5,250 per employee annually, to include contributions to qualified education loans.¹

While only 8% of companies reported offering a student loan repayment benefit in 2019, there are plenty of reasons why companies should take a look at such benefits to help address financial well-being in the workforce.¹

1

Student debt is not a generational issue, but it is a growing issue

Average amount owed by generation



65% of graduating college seniors had student loan debt⁵



\$1.6 trillion

The total student loan amount owed by Americans⁶

2

Americans are struggling to pay off loans



3%

of student loan balances paid off each year⁷



51%

of federal borrowers starting loan payoff 2010-2012 made any progress in paying off their balance after five years⁸

3

Financial stress can impact employee productivity. Student loan debt is a big source of stress for employees.

12-20

hours of work productivity

are lost on average every month for employees who reported dealing with significant financial stress at work.⁹



80%

of workers

with student loan debt say it creates significant or very significant stress.⁹

4

Employees are interested in employer loan repayment programs

76%

of employees

are more likely to accept a job with student loan benefits.

78%

of employees

wish employers offered student loan repayment benefits.¹⁰

5

Student loan repayment benefits are proven to positively affect employee happiness, loyalty, and financial well-being.

79%

of Gradifi members



are happier because they have a Student Loan PayDown Plan.¹¹

86%

of employees



would stay in their job for 5 years if they had employer repayment programs.¹²

Interested in learning more?

Request a demo of Student Loan PayDown at <https://www.gradifi.com/request-info> to see what Gradifi by E*TRADE can do for your company.

¹ <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/pages/benefits19.aspx>

² <https://www.experian.com/blogs/ask-experian/research/baby-boomers-and-student-loan-debt/>

³ <https://www.experian.com/blogs/ask-experian/research/baby-boomers-and-student-loan-debt/>

⁴ <https://studentaid.gov/data-center/student/portfolio>

⁵ <https://ticas.org/wp-content/uploads/2019/09/classof2018.pdf>

⁶ <https://fred.stlouisfed.org/series/SLOAS>

⁷ https://www.moodys.com/research/Moodys-Slow-payments-a-key-contributor-to-the-continued-growth--PBC_1210392

⁸ <https://www.ifebp.org/Inforequest/ifebp/0165695.pdf>

⁹ <https://www.businesswire.com/news/home/20171017005611/en/Individuals-Student-Loan-Debt-Facing-Unprecedented-Financial>

¹⁰ <https://www.benefitspro.com/2018/05/07/student-loan-benefits-more-popular-with-workers-th/>

¹¹ https://go.pardot.com/1/361321/2020-04-28/cln5b/361321/107831/2019_Gradifi_Member_Infographic.pdf

¹² http://www.asa.org/wp-content/uploads/2017/06/asa_young_worker_and_student_debt_survey_report.pdf