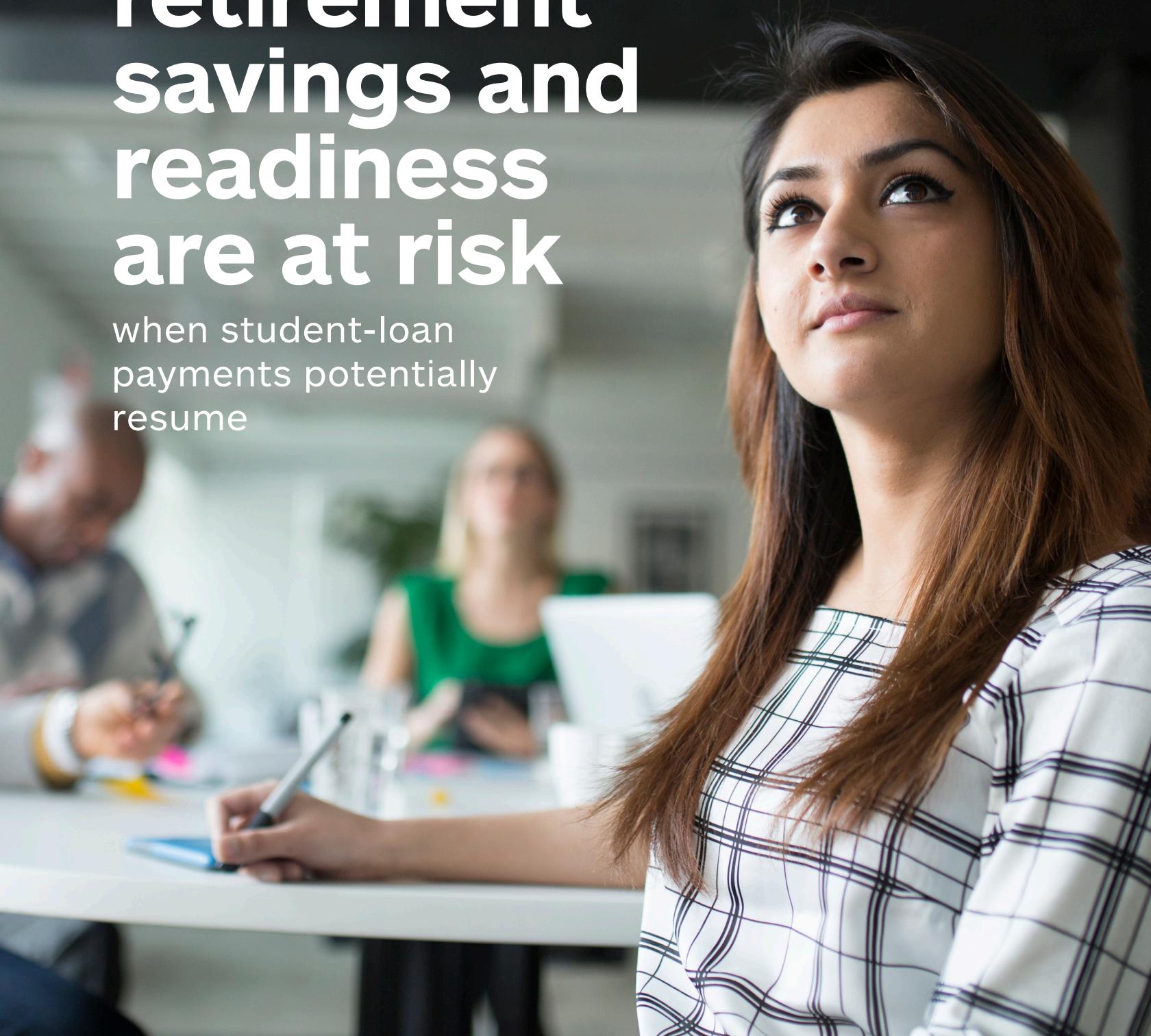


Study shows employees'  
**retirement  
savings and  
readiness  
are at risk**

when student-loan  
payments potentially  
resume



## Introduction

About 1 in every 5 people have student loan debt, and \$1.6 trillion or 92% of it is federal debt, held by about 43 million borrowers.<sup>1</sup> Soon after the pandemic started in April 2020, the federal government began providing relief measures for eligible student loans, including suspending loan payments, instating 0% interest rates and halting collections on defaulted loans. When the payment pause expires, borrowers

will have to navigate the complexity of repayment options that can fit within their budget.

Edelman Financial Engines conducted a survey of 2,003 full-time employees who hold Federal student debt or a combination of Federal and private student-debt to better understand how a resumption of student debt payments would affect employees and employers.



**About one in every  
five people have  
student-loan debt**

**held by about  
43 M  
borrowers<sup>1</sup>**

**\$1.6T  
or 92% of it is  
federal debt**

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## Suspension of federal student loan payments has provided meaningful relief to student loan holders



**52% employees surveyed said their quality of life improved during the payment break.**



**Just 8% have been able to increase retirement savings.**



**74% said they used deferred student loan payments on life essentials like rent, food and transportation.**



## Impact on retirement savings

How will employee spending and saving behavior shift when payments resume? Survey data indicates that employees anticipate cutting back on saving for retirement and other long-term financial goals to offset monthly student debt payments.

This behavior carries significant risk to employers. A reduction in employee retirement savings rates may impair future retirement readiness and potentially decrease the percentage of employees able to retire on time, resulting in financial hardships for employers and impacting workforce management strategies.



**Expect to quit or decrease retirement savings when payments resume**



**Expect a negative impact on their nonretirement life goals**

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# Employees find navigating student loan debt challenging

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**Even before the pandemic and payment pause, 43% expressed difficulty making student loan payments.**

The student debt landscape has always been challenging for individual borrowers to navigate, with multiple repayment options available depending on loan type and income (e.g., standard repayment, REPAYE, PAYE, IDR, ICR, ISRP, etc.). Even before the pandemic and payment pause, 43% expressed difficulty making student loan payments.

Deciphering eligibility requirements for various income-driven repayment plans and finding trusted guidance on questions like how refinancing public debt impacts eligibility for potential forgiveness can confuse and frustrate borrowers.

## Employees found the following to be “Challenging or “Extremely Challenging”:

Navigating payment options

**54%**

Enrolling in an income-driven repayment plan

**45%**

Recertification process  
(of those who successfully enrolled in an income-driven payment plan)

**46%**

## Employee stress increases as payment resumption nears

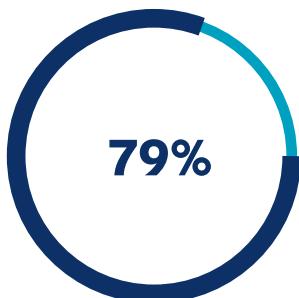
Now, with the impending resumption of payments, the survey indicates that borrower stress and pressure is increasing.



**Expressed stress about the pending reinstatement of payments**



**Said they will experience financial strain**



**Cited inflation most often as the reason they expect financial strain**

**Stress is affecting women at a higher rate than men:**



**vs.**



**85%**  
stress  
affecting  
women

**76%**  
stress  
affecting  
men



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## Employees would welcome professional guidance through employers

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**64% expressed interest in some type of professional guidance to navigate repayment options**

Employees in the survey indicated they would welcome professional guidance navigating the complexities of the student debt landscape and are looking for personalized recommendations tailored to their specific situations. In fact, 64% expressed interest in some type of professional guidance to navigate repayment options.

Based on the employee sentiment expressed in the survey, employers have an opportunity to inspire loyalty from their employees and help them stay on track for their financial goals – near and long term. Surveyed employees resoundingly indicated they welcome access to professional guidance about how to handle their student loan debt and would look to their employer favorably for providing unbiased student debt assistance.

Employees who said they would feel more favorable toward their employer if they offered some type of repayment assistance

**75%**

Employees who said they would be more loyal to their employer if professional guidance were offered

**65%**

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## **Employers can help put their employees on a journey toward financial peace of mind**

**Student debt guidance is a much-needed component of a holistic financial wellness program that helps employees:**

- + balance competing short- and long-term financial priorities
- + reduce financial stress which ultimately could increase productivity and satisfaction

To increase loyalty and favorable employee sentiment, employers can provide an employee benefit with access to financial wellness programs that provide unbiased professional guidance about a range of topics. A financial wellness program that supplements licensed professional counselors with digital resources and financial education covering student loans and other financial topics lets employees select which topics they're interested in and how they want to receive that guidance.



Ultimately, a multipronged financial wellness program can help put employees on the road to financial peace of mind and drive more favorable outcomes for employees and employers.

<sup>1</sup> Hahn, A., Tarver, J. (updated 2022, June 9). 2022 Student Loan Debt Statistics: Average Student Loan Debt. Forbes Advisor. Retrieved July 11, 2022, from <https://www.forbes.com/advisor/student-loans/average-student-loan-statistics/>

**Research Methodology:** Edelman Financial Engines partnered with a third-party market research firm to draw a nationally representative sample of panelists to mirror the U.S. population holding student loan debt. A total of 2,003 respondents completed an online survey available May 13 – May 20, 2022. Respondents were males and females aged 21 – 70, employed full time, and had a federal student loan debt or a combination of private and federal debt. Demographics available upon request.

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