Help Employees Experience Financial Well-being

BenefitEd™

American adults face a complex problem: Pay off debt or save for retirement.

People have many reasons why they don't put money away for their golden years. Two common explanations are a lack of awareness of their retirement needs and their obligations to paying off personal debts, especially student loans. Increasingly, employers are stepping up efforts to help employees by offering financial well-being programs, including the Employee Choice benefit.

1 in 3 Americans aren't saving for retirement

Only two-thirds of American adults are saving for retirement, but often they're not saving enough. A recent survey found that 56 percent of Americans had only $10,000 saved for retirement. And 33 percent have saved nothing.

"Employees are financially stressed, which can impact their work productivity," says Jim Kais, senior vice president, retirement plans for Ameritas Life Insurance Corp. "Often it's because they are burdened with student loan debts." For many people, the monthly student loan payments are equivalent to a home mortgage payment. The rest of their paycheck has to cover monthly living expenses, with nothing left to put toward retirement savings.

Ease the burden of student loans

"Employee financial well-being is a concern that is top of mind for many employers," Kais states. "Employees who are paying off student loans can lose years of retirement savings opportunities. For Millennials, that could be at least 10 years of savings."

"Older employees also struggle financially because they've incurred student loans to pursue graduate degrees, training for different careers, or they're helping their children with college expenses," adds Scott Gubbels, executive director, tax and corporate ventures for Nelnet.

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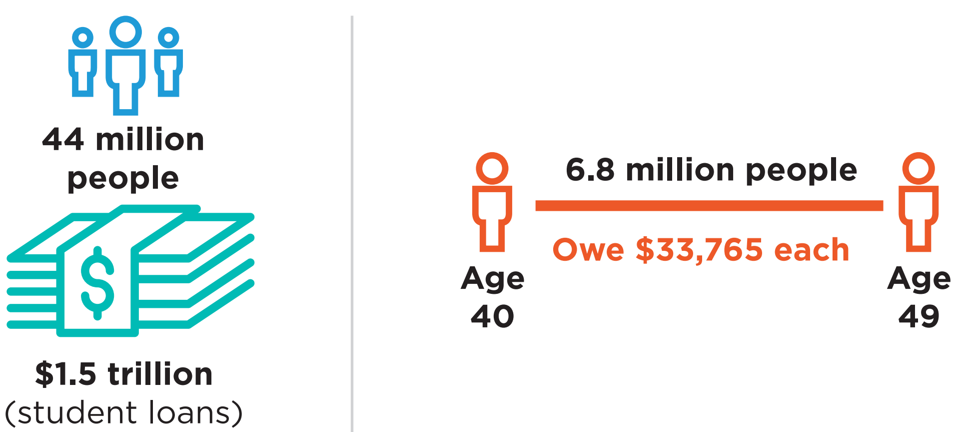
The Federal Reserve reports that more than 44 million people collectively owe $1.5 trillion in student loans. About 65 percent of the debt belongs to people under age 40, who owe $37,172 each. At least 6.8 million people ages 40 to 49 on average owe $33,765 each. The Congressional Budget Office estimates that $1.27 trillion in new federal student loans will be added between 2018 and 2028.



Focus on financial well-being

There are many ways employers can help employees improve their financial well-being. “It starts by having a forward-thinking plan to make it easier for employees to save for retirement,” Kais explains. Employers should understand their employees’ financial struggles, and then develop a strategy to offer services, programs, and benefits that meet those needs. “Focusing on financial well-being is a tangible way employers can make a difference in employees’ lives,” Gubbels adds.

Most employees save for retirement through employer-sponsored programs. If employees don’t sign up for retirement plan options at work, few will save on their own for their senior years.

Develop a customized strategy

Employees need a flexible strategy with programs that can be customized to employees’ needs. Employers should work with a financial expert who understands their goals and those of their employees’.

Most employees save for retirement through employer-sponsored programs. “If employees don’t sign up for retirement plan options at work, few will save on their own for their senior years,” Kais explains. “Employers need to offer a range of options to help employees pay off debt while also saving for retirement.”

For years, employers have offered matching contributions to retirement funds. But nearly 66 percent of employees are not saving money in a 401(k) plan. Studies show that employees leave $24 billion in 401(k) matches on the table each year.

> **The Employee Choice plan allows employers to stretch their benefits because they don’t have to adjust the budget they’ve already set aside for matching contributions.**

Employee Choice offers a new twist

Employee Choice, exclusively offered by BenefitEd through a joint venture of Ameritas and Nelnet, helps employees make full use of their employers’ matching programs by applying unused dollars to help pay down student loan debt.

“Most employers want to assist employees with financial concerns, but they don’t have budget resources,” Gubbels says. “The Employee Choice plan allows employers to stretch their benefits because they don’t have to adjust the budget they’ve already set aside for matching contributions.”

Employee Choice is an **equitable benefit option** for all employees.

Employee Choice is an equitable benefit option for all employees. Employees without student loans can designate employer matching funds to retirement plans. Other employees with student loans can apply employer matching funds toward paying off these debts. Or, they can split the match by paying some toward their loan debt and put the rest into a retirement savings plan. “It ends up being a win for all employees,” Gubbels explains.

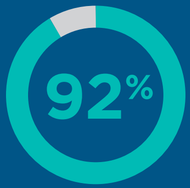
You may have heard about the recent Internal Revenue Service private letter ruling having to do with retirement plans and student loan repayment. The IRS approved one employer’s tax-deferred program to help offset student loan costs. Under this plan, when employees contribute at least 2 percent of compensation toward their student loan debt, the company will make a matching contribution equal to 5 percent of compensation toward the employee’s 401(k) plan.

“Employers considering this idea will need legal assistance to amend their 401(k) plan benefits. And they will have additional administrative responsibilities to track these payments,” Gubbels says.

In contrast, Employee Choice

- is easier to administer
- fits with the structure of existing retirement benefits; employers’ plans don’t need to change

For employers who want to pursue something like this new IRS option, BenefitEd can handle the administrative work for a seamless implementation of the benefit.



92 percent of employees with student loans would take advantage of an employer contribution program similar to a 401(k) match.

Employee Choice is a competitive advantage

A study by American Student Assistance found that 92 percent of employees with student loans would take advantage of an employer contribution program similar to a 401(k) match. Employee Choice and BenefitEd programs provide a competitive edge for employers. “These benefits help attract employees to jobs. When workers get engaged with their work and these benefit programs, they decide to stay,” Gubbels says.

Employees want financial help

Workers want employers to help them with retirement planning. But often employers don’t provide the right financial tools. Research shows that many employers assume that workers don’t want to think about retirement until they are older. In contrast, only 40 percent of employees agreed with this idea. “One way employers can assist employees is to offer several financial programs, along with financial counseling assistance, so employees can make decisions that are best for them,” Kais explains.

BenefitEd is a student loan repayment benefit that assists with recruitment and retention of top employees.

Learn how to put BenefitEd to work for your employees by visiting www.youbenefited.com, calling 844-358-5707, or emailing support@youbenefited.com.

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