



Help Your Employees Achieve Financial Well-Being



American adults face a complex choice – pay off debt or save for retirement.

American employees face a complex dilemma: as they juggle paying off student loans with other debt, they struggle to find funds to save for retirement. With provisions resulting from the CARES Act and the passing of the SECURE Act 2.0, more employers are using financial well-being programs to assist their employees. This approach also allows forward-thinking employers to attract and retain new talent in a challenging post-pandemic job market. Employers continue to have greater incentive to offer student loan benefits – and more options for how to structure them.

37% of Americans aren't saving for retirement.¹

Less than two-thirds of American pre-retirees are saving for retirement – and often they're not saving enough.¹ A recent survey found that more than 40 percent of Americans have less than \$50,000 saved for retirement. And, of those, 16 percent have saved nothing.¹

“Employees are financially stressed, which can impact their work productivity,” says Jim Kais, senior vice president of 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 an auto or 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

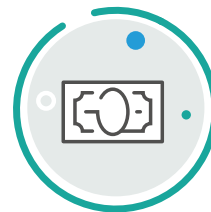
“Employee financial well-being is a concern that is top of mind for many employers,” Kais states. “Employees who are paying off student loans can lose years of retirement savings opportunities. For Millennials and Gen Z employees, that could be at least 10 years of savings.”

“Older employees also struggle financially because they’ve incurred student loans to pursue graduate degrees or training for different careers. They may also be helping their children pay for college or saving for their grandchildren’s education expenses,” adds Scott Gubbels, executive director of tax and corporate ventures for Nelnet.

The Federal Reserve reports that more than 45 million people collectively owe \$1.76 trillion in student loans.²

Over 48 percent of all federal student loan borrowers are between the ages of 25 and 34.3 At least 14.6 million people ages 35 to 49 owe an average of \$43,438 each.⁴ The Congressional Budget Office estimates that \$1.27 trillion in new federal student loans will be added between 2018 and 2028.

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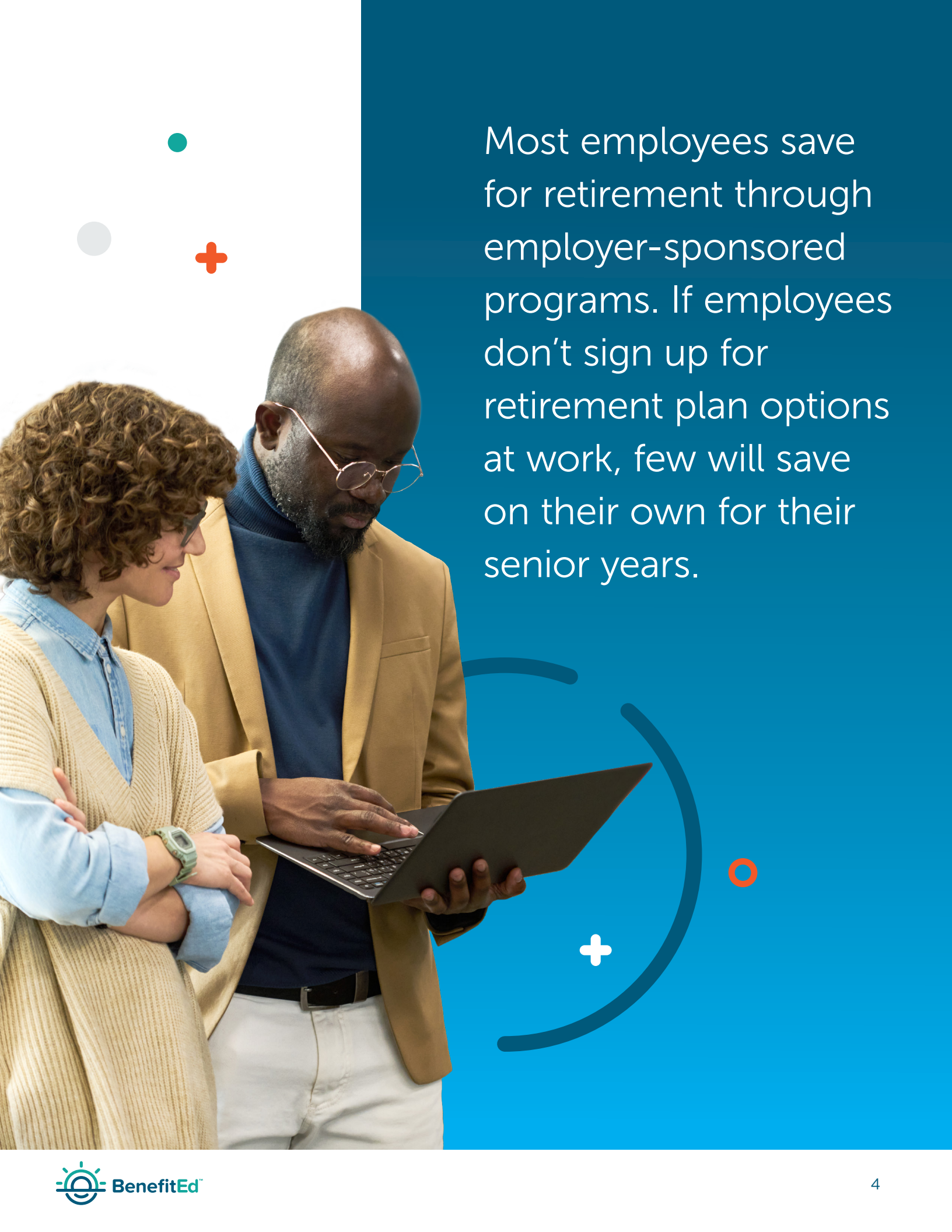


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Focus on financial well-being

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 65 percent of employees are not saving money in a 401(k) plan.⁵ Studies show that employees leave \$24 billion in 401(k) matches on the table each year.⁶

Student loan repayment offers a new twist.

Employer-Assisted Student Loan Repayment is a flexible benefit option made available by BenefitEd through a joint venture of Ameritas and Nelnet. With this program, employers help employees pay back student loans through making regular monthly payments. The plan can be customized to the employer's needs, allowing them to decide which employees receive loan repayment assistance – and how much. Employers who do this gain a recruitment edge – and find it easier to engage and retain educated, productive, and focused employees.

About one-third of companies say they're considering introducing a student loan repayment benefit in 2022 or 2023.⁷

Employer support for student loan borrowers – the way of the future?

Employers are able to pay up to \$5,250 annually toward an employee's student loans (and/or tuition reimbursement), tax free, through 2025. Due to 2020's Consolidated Appropriations Act, which expanded Section 127 of the IRS code, the employee doesn't have to pay income taxes on the \$5,250 benefit and the employer gets a payroll tax exclusion on the contribution amount.

In addition, an Omnibus Spending bill passed the federal legislature and was signed by the President in late 2022. This bill contained what was previously known as the SECURE Act 2.0 bill. SECURE Act 2.0 has 92 provisions that will affect the future of the retirement plan industry and the employers they work with – one of which could have great impact going forward for borrowers and their employers.

Starting in 2024, employers can amend their retirement plans to recognize an employee's student loan payment as though it were an elective deferral to the plan. This means an employer would provide matching retirement contributions based on an employee's student loan payments. This provision is huge for many employees with student loan payments who aren't contributing to a retirement account at all – or who aren't maximizing the benefit of their employer's retirement match. Depending on various factors – and with the power of interest capitalization – employees could potentially save tens or even hundreds of thousands more dollars by retirement age by starting to save sooner.



Nearly 90 percent of recent graduates with student loans are looking for jobs with employers who offer student loan repayment assistance.⁸

Student loan repayment is a competitive advantage.

A survey by Abbott found that nearly 90 percent of recent graduates were looking for jobs with employers offering student loan repayment benefits. And 62% of employed Americans would consider changing employers if this benefit were offered.⁸ Employer-Assisted Student Loan Repayment 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. “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.

1 <https://www.fool.com/retirement/2022/07/13/new-survey-says-you-arent-saving-enough-retirement/>

2 <https://www.nerdwallet.com/article/loans/student-loans/student-loan-debt>

3 <https://educationdata.org/student-loan-debt-statistics#:~:text=Among%2030%2D%20to%2044%2Dyear,ages%20of%2025%20to%2034.>

4 <https://www.investopedia.com/student-loan-debt-by-age-5200927>

5 <https://www.census.gov/library/stories/2022/08/who-has-retirement-accounts.html>

6 <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/missing-out-on--match.aspx>

7 <https://money.com/student-loan-repayment-assistance-bigger-employee-benefits/>

8 <https://www.cnbc.com/2019/05/15/questions-you-should-ask-about-student-loan-repayment-benefits.html>



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

Learn how to ease the financial burden for your employees with BenefitEd by visiting [YouBenefitEd.com](https://www.youbenefited.com), calling 844-358-5707, or emailing support@youbenefited.com.

BenefitEd is a joint venture between Ameritas  and 