



FIDELITY TACKLES Student Loan Debt



THE PROBLEM

\$1.76T

total **student loan debt owed**
by Americans.²

44M

Americans with student loan debt.²

~2/3

of the total student debt belongs
to **women**.⁴

6/10

high school students say they
won't be able to afford college
without the help of student loans.¹

This issue impacts all generations.

% of total student debt by generation:³

24.5% BABY BOOMERS AND THE
SILENT GENERATION

30.4% MILLENNIALS

38.7% GENERATION X

6.4% GENERATION Z

WHICH GENERATION PAYS THE MOST ON AVERAGE IN STUDENT DEBT?⁵

AVERAGE MONTHLY PAYMENT	GENERATION	AVERAGE LOAN BALANCE	AVERAGE INTEREST RATE
\$620	Baby Boomers	\$58,300	5.9%
\$490	Generation X	\$51,400	5.1%
\$510	Millennials	\$46,400	5.1%
\$480	Gen-Z	\$27,900	4.0%

WHICH INDUSTRY PAYS THE MOST ON AVERAGE IN STUDENT DEBT?⁶

AVERAGE MONTHLY PAYMENT	INDUSTRY	AVERAGE LOAN BALANCE
\$713	Private Health Care and Social Assistance	\$72,004
\$628	Higher Education	\$62,697
\$549	Non-Profit Health Care	\$56,028
\$595	Professional Scientific and Technical Services	\$52,965
\$500	Information Services	\$48,494
\$507	Retail Trade	\$48,752
\$510	Manufacturing	\$45,468
\$462	Transportation	\$45,466

STUDENT LOAN DEBT IMPACTS FINANCIAL PRIORITIES

2 in 3

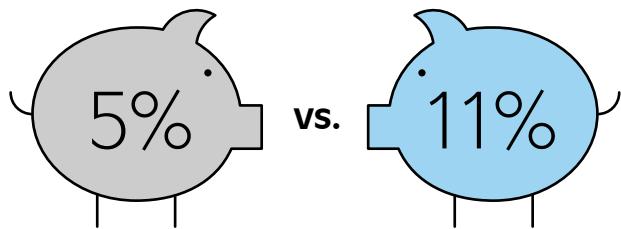
recent college graduates with student loan debt claim their **student loan debt delayed** or is preventing them from participating in **major life milestones** like saving for retirement, getting married or buying a home.¹

27%

of borrowers say they have **delayed saving for emergencies.**⁷

30%

of millennial borrowers say they have **delayed buying a home.**⁷



The average retirement plan contribution is **6% less** among participants with student debt.⁵

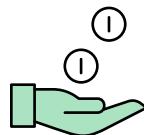
34% Student Debt Tool users report contributing between **0-5% of their salary to their 401(k).**

7% Student Debt Tool users report **contributing nothing to their 401(k).**

18% Student Debt Tool users report **an outstanding loan against their 401(k).**

WORKING TOWARDS SOLUTIONS

WE ARE INNOVATING TO EMPOWER BORROWERS



In 2016, Fidelity implemented the **Step Ahead Student Loan Assistance Program**. It provides eligible Fidelity employees up to **\$15,000** towards their student loans to ease the burden of student debt stress.

>18K

Fidelity employees have **received a benefit**.

\$94M

saved to-date by Fidelity employees.
as of May 15, 2023

As a trusted leader in workplace benefits, **Fidelity offers a Student Debt Employer Contribution Program** for companies that want to offer student debt benefits to their employees. We've helped employers make over 1 million payments totaling more than...

\$200M
59,000

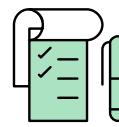
worth of payments
made towards employees' student debt.

years saved of employees making student loan payments.



Student Debt Tool

A free tool that educates borrowers on their total debt picture and the most effective options to pay down the debt.



Pre-College Planning and Guidance

For families to address the issue of taking on too much debt.

WE URGE POLICYMAKERS TO ADDRESS THE STUDENT DEBT CRISIS

We support efforts to make student loan debt easier to understand and **less of a burden on today's workforce**.



We feel strongly borrowers need to be **educated about student loan debt, options to pay it down, and how best to frame it** in the context of other competing financial priorities.



We have shared with policymakers the benefits of an **open and accessible repayment and refinancing process**, lessons we learned from our own tools.



We urge conversations between policymakers and private industry to **share insights and encourage innovation**.

POLICYMAKERS CAN HELP BY...

Supporting **tax incentives for employers** to offer student loan repayment benefits and employees **making payments** towards their debt.

As a company with our own employee student loan benefit, we recognize the value this offers our workers.

Employees should not be forced to choose between paying student loans and saving for retirement.



Thanks to Congress...

the SECURE 2.0 Act was signed into law at the end of 2022! This law will allow employers to make matching retirement contributions based on the amount an employee is paying towards their student loans.

Fidelity has seen strong demand for this offering and has programs in place to help plan sponsors implement this increasingly requested workplace benefit.



POLICYMAKERS CAN FURTHER SUPPORT BORROWERS BY:

Making permanent a provision in the CARES Act of April 2020, which allows employers to contribute up to \$5,250 tax-free to an employee's student loans each year, meaning the money paid is considered tax-free to both employee and employer. Currently the provision is only effective until December 31, 2025.

¹ Fidelity Investments 2023 College Savings and Student Debt Study

² Hanson, Melanie. "Student Loan Debt Statistics" EducationData.org, April 1, 2023

³ Hanson, Melanie. "Student Loan Debt by Generation" EducationData.org, March 13, 2023

⁴ American Association of University Women, "Deeper in Debt: Women and Student Loans," 2020

⁵ Fidelity Investments Student Debt Tool as of September 30, 2021

⁶ Fidelity Investments Student Debt Tool as of December 31, 2020

⁷ Bankrate, "Survey: Student loans have delayed wealth-building for Gen Z and millennial borrowers", April 20, 2022