Fidelity is helping employers support their employees' total well-being across generations

With five generations in the workforce, financial wellness and holistic well-being are more important than ever before, with each generation having its own unique needs.

Fidelity has a proven history of helping employers design benefits programs that support an employee's financial wellness, from helping them save and invest for retirement, pay down debt, understand their health benefits, and even give back to their communities.

Emergency Savings

Despite savings increasing, many employees are tapping their retirement accounts to pay for immediate financial needs like paying a medical bill or repairing a car. The need for emergency savings became acute during the pandemic when many employees were furloughed or laid off. This trend has grown and the percentage of Fidelity plan participants who took an early withdrawal has more than tripled since 2018.

These withdrawals are expected to continue, as the passage of the SECURE 2.0 Act enabled more options for participants to take distributions from their retirement accounts.

Taking early withdrawals can significantly impact an individual's long-term retirement security and overall well-being.

1.6 MILLION

During the pandemic, 1.6 million Fidelity customers **took a CARES Act distribution from their retirement plans seeking emergency funds** that were not readily available in a more accessible savings account[1].

8-in-10

say inflation and cost of living are causing them stress, and half of those say it's causing them to be distracted at work[2].

51%

of employees **don't have enough to cover a financial emergency**[3].

1. Internal Fidelity analysis of annual transactions per participant from 2018 to 2023.
2. Fidelity Total Well-being Refresh Study of 7,106 active Fidelity 401(k) and 403(b) participants across the U.S. in October 2022.
3. Fidelity Financial Wellness Checkup of more than 293,000 workplace participants from Jan. 1 – June 30, 2022.

We’ve seen increasing demand for emergency savings programs from both employers and employees.

Clients such as Starbucks, came to us looking for ways to help their employees deal with financial emergencies without detracting from their ability to save for retirement.

The goal is to help employees better manage expense shocks – whether that’s an unexpected repair bill or even just the rising cost of groceries or gas. Workplace emergency savings programs help individuals save, access & replenish funds for short-term expenses, while also ensuring their retirement savings continue to grow.

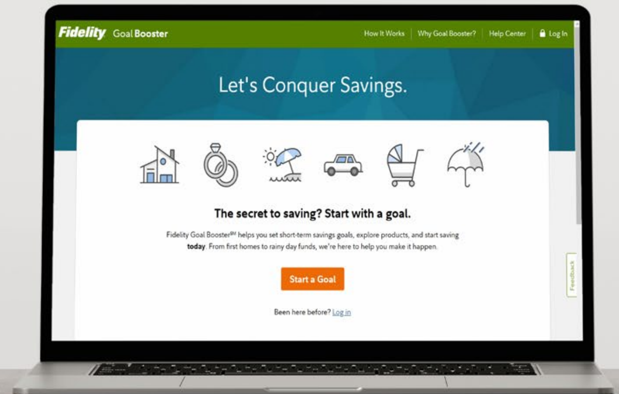
> “I want to do better in my own life, and that’s why I’m glad [my employer] is putting [this] out there for people. I’m not saying my way is the perfect way, but it’s the only way I know, so I am eager to learn. I want to learn because if there’s an easier way of doing things, then sign me up.”
>
> **Fidelity Goal Booster℠ Participant**

The experience of this customer may not be representative of the experience of all customers and is not indicative of future success.

Fidelity’s Impact

We are proud to have developed a solution, Fidelity Goal Booster℠, an out-of-plan investing and saving experience designed to help people save smarter for important savings goals, like emergency savings.

This is offered at no cost[4] to Fidelity clients – or their employees - and is currently utilized by over 100k employees who are typically working towards building a buffer of $1k in emergency savings.



+100k employees have accumulated $100M in total assets, with an average account balance of **$1.4K**[5]**.**

How Policy Can Help

We appreciate that Congress and this Administration have recognized the importance of emergency savings by including an optional provision in the SECURE 2.0 Act to tackle the issue. Although this in-plan option has some roadblocks to implementation, we believe this is an evolving area ripe for innovation and **more can be done to support the need for emergency savings and ensure Americans have a secure retirement.**

Workplace emergency savings programs that include **payroll integration and employer-sponsored savings incentives are key** to employee overall financial wellness and should be offered by employers as a core workplace benefit.

We support enhancements including allowing auto-enrollment into out-of-plan accounts for emergency savings and making it possible for out-of-plan contributions to emergency savings accounts to be eligible for matching into a plan’s retirement account.

→ **Learn more about Emergency Savings:**
https://www.fidelity.com/about-fidelity/emergency-savings

4. While there is no cost to use Goal Booster itself, there could be fees associated with the investing options.

5. Fidelity Internal Data, CKSI report for Goal Booster, 2023.

Student Debt

College costs have increased steadily over the years and have more than doubled this century with an annual growth rate of 2% over the past 10 years.[5]

Today, many families do not have enough money saved to cover the expense of attending college, leading many to take out student loans. According to a recent Fidelity College Savings & Student Debt study[6]:

of high school students say they **won't be able to afford college without the help of loans**, with more than one-third (36%) not knowing how long it will take to pay them back.

More than 2/3 of recent college graduates with student loan debt claim it **delayed or is preventing them from participating in major life milestones** like saving for retirement, getting married or buying a home.

More than 8-in-10 who have or expect to take out student loans say they'd be **more likely to apply for a job that provided a student debt retirement benefit**.

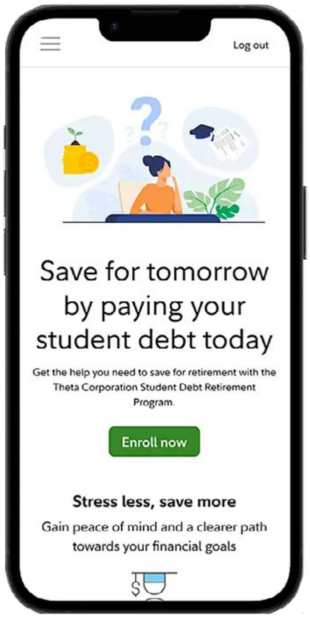
With approximately **25% of the workforce holding student debt and the average debt level per individual topping $37k**[7], many employers are stepping in to ease the mounting financial burden on borrowers, by integrating workplace benefits that make it easier for employees to save for retirement while paying down student loan debt at the same time.

According to the Employee Benefit Research Institute, **67% of employers either offer or plan to offer a student debt benefit, which can have a profound impact on financial wellness**[8].

Fidelity's Impact

To help ease the burden of student debt, Fidelity works closely with its clients to design student debt benefit programs that can help their employees achieve greater financial well-being. Benefits programs can take two forms:

- **Employers making payments directly toward their employee's student loans.** This benefit has grown in popularity since the expansion of IRC Section 127 in March 2020, which allows up to $5,250 to be paid as a tax-advantaged benefit, either for student debt repayment or tuition reimbursement. **More than 200 Fidelity clients are offering this benefit and have made more than 1.4M student loan payments totaling more than $280M in payments, shaving 3-4 years off tens of thousands of employee's loans.** IRC Section127 expires in 2025, so we hope this will be extended to support the continued growth of this benefit.
- **Crediting student debt payments toward a defined contribution match.** We launched a Secure 2.0 compliant version of this benefit in October 2023, and we've had **39 clients begin to offer this benefit in time for the January 1, 2024 effective date**. More clients are launching in Q1 and throughout 2024. Thanks to the legislation signed into law in 2022, nearly 1M Americans now have access to some version of Student Debt benefit through Fidelity, and demand only continues to increase.



5,7. Hanson, Melanie. "Average Cost of College & Tuition" EducationData.org, September 6, 2023, https://educationdata.org/average-cost-of-college

6. Fidelity 2023 College Savings & Student Debt Study

8. 2023 EBRI Financial Wellbeing Employer Survey: Employers See Financial Wellness Benefits as a Tool to Improve Worker Satisfaction and Productivity

How Policy Can Help

Fidelity is committed to removing barriers to education by mitigating the cost or minimizing the jargon that deters many people from learning more about their options. **We believe addressing student debt pressures in the workplace is a powerful step to support employees' financial wellness.**

We support the tax incentives for employers to offer student loan repayment benefits and employees making payments towards their debt. **Specifically, we request that Congress make permanent the provision in the CARES Act of 2020 which allows employers to contribute up to $5,250 tax-free to an employee's student loans each year.** This has enabled many employers to offer a direct student loan benefit, but without action, it will expire on December 31, 2025.

→ **See how Fidelity tackles Student Loan Debt**
https://www.fidelity.com/bin-public/060_www_fidelity_com/documents/about-fidelity/2022StudentDebtInfographic.pdf