FIDELITY TACKLES
Student Loan Debt

THE PROBLEM

$1.7T total student loan debt owed by Americans.¹

43M Americans with student loan debt.¹

2 in 3 of the total student debt belongs to women.³

6 in 10 high school students say they won’t be able to afford college without the help of student loans.⁴

This issue impacts all generations. % of total student debt by generation:²

<table>
<thead>
<tr>
<th>Generation</th>
<th>Average Monthly Payment</th>
<th>Average Loan Balance</th>
<th>Average Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>BABY BOOMERS</td>
<td>$688</td>
<td>$56,810</td>
<td>6.2%</td>
</tr>
<tr>
<td>GENERATION X</td>
<td>$525</td>
<td>$51,102</td>
<td>5.5%</td>
</tr>
<tr>
<td>MILLENNIALS</td>
<td>$537</td>
<td>$46,206</td>
<td>5.6%</td>
</tr>
<tr>
<td>GENERATION Z</td>
<td>$460</td>
<td>$29,613</td>
<td>4.3%</td>
</tr>
</tbody>
</table>
### WHICH INDUSTRY PAYS THE MOST ON AVERAGE IN STUDENT DEBT?  

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Monthly Payment</th>
<th>Average Loan Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Health Care and Social Assistance</td>
<td>$841</td>
<td>$75,300</td>
</tr>
<tr>
<td>Higher Education</td>
<td>$669</td>
<td>$63,600</td>
</tr>
<tr>
<td>Professional Scientific and Technical Services</td>
<td>$615</td>
<td>$51,400</td>
</tr>
<tr>
<td>Non-Profit Health Care</td>
<td>$576</td>
<td>$54,900</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>$596</td>
<td>$52,900</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$550</td>
<td>$44,900</td>
</tr>
<tr>
<td>Information Services</td>
<td>$543</td>
<td>$47,800</td>
</tr>
<tr>
<td>Transportation</td>
<td>$494</td>
<td>$47,500</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>$504</td>
<td>$46,400</td>
</tr>
<tr>
<td>Business Management</td>
<td>$450</td>
<td>$32,900</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>$443</td>
<td>$38,400</td>
</tr>
</tbody>
</table>

### 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.

- 27% of borrowers say they have delayed saving for emergencies.
- 30% of millennial borrowers say they have delayed buying a home.
- 36% Student Debt Tool users report contributing between 0-5% of their salary to their 401(k).
- 18% Student Debt Tool users report an outstanding loan against their 401(k).
- 8% Student Debt Tool users report contributing nothing to their 401(k).
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.

>20K Fidelity employees have received a benefit.

$150M saved to-date by Fidelity employees.
as of January 1, 2024

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 1.5 million payments totaling more than...

$300M worth of payments made towards employees’ student debt.

for more than 1M eligible participants

as of March 1, 2024

Thanks to the enactment of the SECURE 2.0 Act, Fidelity has introduced another benefit to address the growing pressures of student debt—Student Debt Retirement. The benefit allows employers to use money already allocated for retirement plans to help employees save for retirement while paying down student debt.

Participants enrolled in a student debt retirement benefit are estimated to nearly double their 401(k) balances as well as double the retirement expenses they can cover by the time they retire.8

In 2024, Fidelity anticipates providing access to student debt benefits, including student debt retirement, for more than 1.2 million Americans.

WE ALSO OFFER...

A 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 COULD 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.

CONGRESS CAN HELP 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.

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1 Consumer Credit - G 19, Board of Governors of the Federal Reserve System. As of March 7, 2024
2 Hanson, Melanie. “Student Loan Debt by Generation.” EducationData.org, September 24, 2023
4 Fidelity Investments 2023 College Savings and Student Debt Study
5 Based on self-reported student debt information from individuals using Fidelity’s Student Debt Tool. As of April 1, 2024
6 Based on self-reported student debt information from individuals using Fidelity’s Student Debt Tool. As of March 27, 2024.
7 Bankrate. “Survey: Student loans have delayed wealth-building for Gen Z and millennial borrowers.” April 20, 2022
8 Participants are projected to double their projected retirement balances from $195,248 to $389,371 by participating in the Student Debt Retirement program. Additionally, they are projected to double the amount of retirement expenses they can cover from 7.5% to 15%. All calculations are comparing employees enrolled in Student Debt Retirement in 2022 vs. a comparable cohort of not enrolled employees based on age and salary unless otherwise indicated. The average values of employees’ current balances, ages and savings rates of the compared populations are used as inputs to a deterministic savings projection. The savings at retirement are then converted into an income stream using a standard 4% withdrawal rate assumption. Finally, these income streams are compared to projected pre-retirement income as well as projected retirement expenses. Pre-retirement income is determined by growing current salary at a 1.5% real rate over the years until retirement. Retirement spending is determined by Fidelity Retirement Math research which estimates that pre-retirement incomes of $75,000 and $100,000 typically replace 75% and 72% of their pre-retirement income in retirement respectively.

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