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]

7.01%	BABY BOOMERS
56.73%	GENERATION X
30.26%	MILLENNIALS
5.98%	GENERATION Z

WHICH GENERATION PAYS THE MOST ON AVERAGE IN STUDENT DEBT?[2]

AVERAGE MONTHLY PAYMENT	GENERATION	AVERAGE LOAN BALANCE	AVERAGE INTEREST RATE
$688	Baby Boomers	$56,810	6.2%
$525	Generation X	$51,102	5.5%
$537	Millennials	$46,206	5.6%
$460	Gen-Z	$29,613	4.3%

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

AVERAGE MONTHLY PAYMENT	INDUSTRY	AVERAGE LOAN BALANCE
$841	Private Health Care and Social Assistance	$75,300
$669	Higher Education	$63,600
$615	Professional Scientific and Technical Services	$51,400
$576	Non-Profit Health Care	$54,900
$596	Retail Trade	$52,900
$550	Manufacturing	$44,900
$543	Information Services	$47,800
$494	Transportation	$47,500
$504	Wholesale Trade	$46,400
$450	Business Management	$32,900
$443	Finance and Insurance	$38,400

STUDENT LOAN DEBT IMPACTS FINANCIAL PRIORITIES[7]

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.[4]

27% of borrowers say they have **delayed saving for emergencies**.[7]

30% of millennial borrowers say they have **delayed buying a home**.[7]

36% Student Debt Tool users report contributing between **0-5% of their salary to their 401(k)**.[5]

18% Student Debt Tool users report **an outstanding loan against their 401(k)**.[5]

8% Student Debt Tool users report **contributing nothing to their 401(k)**.[5]

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.

>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...

as of March 1, 2024

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

for more than **1M eligible participants**

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.

[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
[3] American Association of University Women, "Deeper in Debt: Women and Student Loans," 2020
[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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