

FIDELITY TACKLES STUDENT LOAN DEBT

! THE PROBLEM





owe an average of
\$37,172
in student loan debt¹

\$1.67 TRILLION IN STUDENT LOAN DEBT
...on track to double by 2025²

35% of Fidelity retirement customers*
CURRENTLY HAVE STUDENT DEBT³

The Impact Goes Beyond Just Millennials

 **59%**
of Millennials
(under age 40)

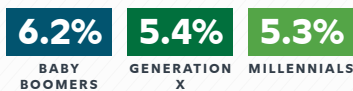
 **34%**
of Generation-X
(age 40-54)

 **29%**
of Baby Boomers
(age 55+)

WHICH GENERATION PAYS THE MOST ON AVERAGE IN STUDENT DEBT?⁴

AVERAGE MONTHLY PAYMENT	GENERATION	AVERAGE LOAN BALANCE
\$605	BABY BOOMERS	\$58,000
\$475	GENERATION X	\$52,000
\$493	MILLENNIALS	\$47,000

AVERAGE INTEREST RATE

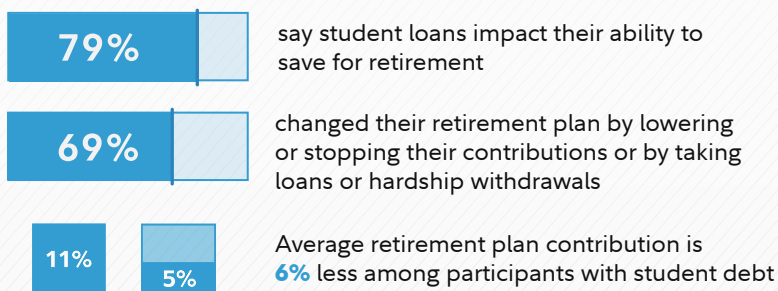


WHICH INDUSTRY PAYS THE MOST ON AVERAGE IN STUDENT DEBT?⁴

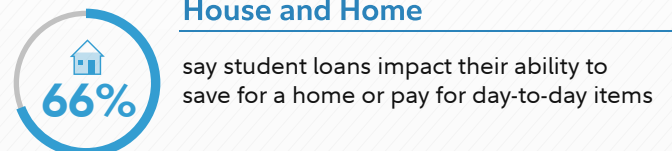
AVERAGE STUDENT LOAN PAYMENT	INDUSTRY	AVERAGE STUDENT LOAN BALANCE
\$755	PRIVATE HEALTH CARE AND SOCIAL ASSISTANCE	\$76,447
\$597	HIGHER EDUCATION	\$63,027
\$535	NON-PROFIT HEALTH CARE	\$56,098
\$566	PROFESSIONAL SCIENTIFIC AND TECHNICAL SERVICES	\$53,895
\$476	INFORMATION SERVICES	\$47,410
\$461	TRANSPORTATION	45,856
\$489	MANUFACTURING	\$44,995
\$437	RETAIL TRADE	\$43,789
\$442	WHOLESALE TRADE	\$43,260
\$421	FINANCE AND INSURANCE	\$40,519
\$413	BUSINESS MANAGEMENT	\$32,473

STUDENT LOAN DEBT IMPACTS FINANCIAL PRIORITIES³

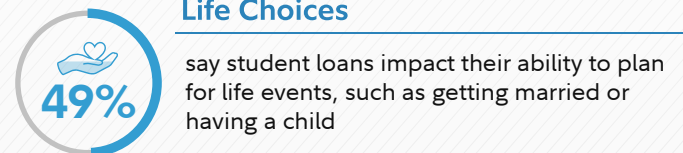
Retirement



House and Home



Life Choices



FIDELITY TACKLES STUDENT LOAN DEBT

WORKING TOWARDS SOLUTIONS

In 2016, Fidelity implemented the STEP AHEAD STUDENT LOAN ASSISTANCE PROGRAM

It provides eligible Fidelity employees up to **\$10,000** towards their student loans to ease the burden of student debt stress

>12,000 Fidelity employees **HAVE RECEIVED A BENEFIT**

\$58 MILLION saved to-date by Fidelity employees in principal plus about **\$27 MILLION** in interest payments with an average savings of **\$7,000 PER PERSON**

Source: Cumulative savings based on Fidelity contributions as of December 31, 2020, plus future interest.

WE ARE INNOVATING TO EMPOWER BORROWERS

1

Student Debt Tool

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

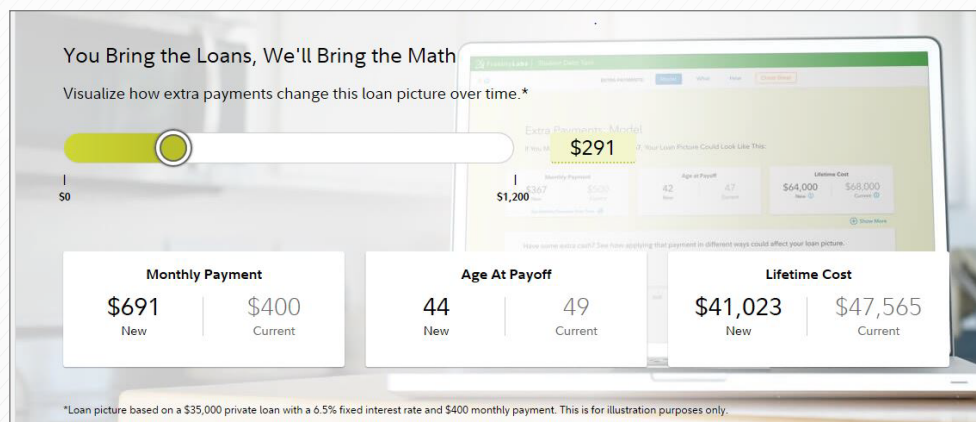
2

Student Debt Employer Contribution for employers who want to contribute to employees' student debt. The program allows employers to make after-tax contributions towards participants' loans with Fidelity administering and fulfilling the payments

The Fidelity Student Debt Employer Contribution benefit is **currently offered by 124 employers to their employees, helping over 20,000 enrolled** participants alleviate their student debt

3

Pre-college planning and guidance resources 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 have shared with policymakers the benefits of an **open and accessible repayment and refinancing process**, lessons we learned from our own tools



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 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, as well as, employees making payments towards their loan 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.**

WE SUPPORT PROPOSALS THAT SEEK TO REDUCE THE BURDEN OF STUDENT DEBT ON WORKERS AND INCENTIVIZE EMPLOYERS TO GET INVOLVED!

- **H.R.8696 - Securing a Strong Retirement Act (SECURE 2.0)**. The bill treats student loan payments as elective deferrals for the purposes of matching contributions to a retirement plan.
- **The Department of the Treasury broadening a Revenue Ruling** to allow companies to contribute to an employee's retirement plan if the employee is paying down student debt.

The CARES Act, signed into law in April 2020, included a provision allowing 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. The provision has been extended for five years, until December 31, 2025 and we encourage policymakers to make it permanent.



#DEBTFREETAXFREE

Want your company to offer monthly contributions toward your student debt? Tell Congress to make student debt assistance a tax-free benefit!

[FIND OUT MORE](#)

Please note the directed website (#DEBTFREETAXFREE) is unaffiliated with Fidelity. Fidelity has not been involved in the preparation of the content supplied at the unaffiliated site and does not guarantee or assume any responsibility for its content.

¹ Student Debt Hero, A Look at the Shocking Student Debt Statistics for 2018, May 1, 2018

² Congressional Budget Office data

³ Workplace Investing Plan Participant Student Loan 2016 Study, responses from 496 members (10/27/16 – 11/7/16)

⁴ Fidelity Investments Student Debt Tool as of December 31, 2020.

* Fidelity workplace plan participants

