THE PROBLEM

$1.6 TRILLION IN STUDENT LOAN DEBT...on track to double by 2025²

35% of Fidelity retirement customers³ CURRENTLY HAVE STUDENT DEBT³

The Impact Goes Beyond Just Millennials

59% of Millennials (under age 40)¹
34% of Generation-X (age 40-54)¹
29% of Baby Boomers (age 55+)¹

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

<table>
<thead>
<tr>
<th>AVERAGE MONTHLY PAYMENT</th>
<th>GENERATION</th>
<th>AVERAGE LOAN BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$565</td>
<td>BABY BOOMERS</td>
<td>$56,652</td>
</tr>
<tr>
<td>$490</td>
<td>GENERATION X</td>
<td>$55,870</td>
</tr>
<tr>
<td>$469</td>
<td>MILLENIALS</td>
<td>$45,548</td>
</tr>
</tbody>
</table>

AVERAGE INTEREST RATE

6.3% 5.6% 5.6%

STUDENT LOAN DEBT IMPACTS FINANCIAL PRIORITIES³

Retirement

- 79% say student loans impact their ability to save for retirement
- 69% changed their retirement plan by lowering or stopping their contributions or by taking loans or hardship withdrawals
- 11% Average retirement plan contribution is 6% less among participants with student debt

House and Home

- 66% say student loans impact their ability to save for a home or pay for day-to-day items

Life Choices

- 49% say student loans impact their ability to plan for life events, such as getting married or having a child

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 September 30, 2019
⁵ Fidelity Business Consulting, “Customer Views on Public Policy Issues, 2018
* Fidelity workplace plan participants
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

>10,000 Fidelity employees have received a benefit

$55 million saved to-date by Fidelity employees in principal and interest, with an average savings of $5,500 per person

Source: Cumulative savings based on Fidelity contributions as of December 31, 2018, plus future interest.

We Are Innovating to Empower Borrowers

1. **Student Debt Tool** 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

3. Pre-college planning and guidance resources for families to address the issue of taking on too much debt

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You Bring the Loans, We’ll Bring the Math

Visualize how extra payments change this loan picture over time.

<table>
<thead>
<tr>
<th>Monthly Payment</th>
<th>Age At Payoff</th>
<th>Lifetime Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$691 New</td>
<td>44 New</td>
<td>$41,023 New</td>
</tr>
<tr>
<td>$400 Current</td>
<td>49 Current</td>
<td>$47,565 Current</td>
</tr>
</tbody>
</table>

*Loan picture based on a $33,000 private loan with a 5.5% fixed interest rate and $400 monthly payment. This is for illustration purposes only.
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.

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. 1043/S. 460 Employer Participation in Repayment Act. The bill would expand the tax exclusion for employer-provided educational assistance to include an employer’s payments to an employee or lender for the principal or interest on any qualified education loan incurred by an employee.

- S. 1431, the Retirement Security and Savings Act (Sec. 112), which would allow companies to contribute to an employee’s retirement plan if the employee is paying down student debt.

- The Department of Treasury broadening a Revenue Ruling to allow companies to contribute to an employee’s retirement plan if the employee is paying down student debt.

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.

WE URGE POLICYMAKERS TO ADDRESS THE STUDENT DEBT CRISIS

86% of Fidelity Customers with Student Debt Support H.R. 1043/S. 460

#DEBFREETAXFREE
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 (#DEBFREETAXFREE) 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.

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