

Student loan debt: The \$1.56 trillion problem that could improve your recruiting and retention

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According to the Federal Reserve, 44 million Americans owe a staggering \$1.56 trillion in student loans, and the average incoming college-educated worker has over \$37,000 in student debt (a \$20,000 increase from just 10 years ago). As a result, the average college grad will take over 21 years to pay off their student loan debt making minimum payments. Many of the negative effects of overwhelming student debt include delaying the decision to buy a house or start a family, save for retirement, or just cause a tremendous amount of financial stress.



How can this problem turn into a recruiting and retaining win?

Employers have responded to the burden of student loans by beginning to offer student loan repayment as an employee benefit. Student loan repayment is a voluntary benefit where an employer contributes a determined amount towards an employee's student loan debt on a regular basis, and can be a stand-out benefit used to attract a younger generation of recruits and employees.

In fact, the survey "Young Workers and Student Debt" by the nonprofit American Student Assistance found that 76% of respondents between the ages of 22 and 33 would choose to take a job based on an employer's willingness to offer a student loan repayment program.

Student loan repayment can help productivity and reduce stress

Student loan repayment can benefit your employees by helping to alleviate financial stress and improve their financial well-being. Employers also benefit from happier, less stressed employees:

- Less stress means fewer distractions at work, allowing employees to relax and be more productive.
- Lower debt means employees can devote additional funds to other employer-sponsored programs, like a 401(k) or health benefits, which can result in lower costs or greater tax savings for the employer.

Communicate other student loan assistance options to your employees

Even if you don't offer student loan repayment as a benefit, employers can take steps to communicate the availability of other student loan assistance programs to their employees. For example, many vendors in the student loan space also offer dedicated counselors and other support services to help borrowers manage their student loan debt, including assistance with navigating the Federal Student Loan Forgiveness program. Also, employees may not be aware that they can consolidate or refinance their student loans, often at a lower interest rate. Employers can use communication tools, such as email, newsletters, webinars, and even social media to help employees understand what help is out there for managing student loan debt.

Our team of employee benefits and workforce technology consultants can help make it easy for you to offer these and other great benefits to help you attract and retain the next generation of talent. [Contact us](#) today for more information about innovative employee benefit and workforce technology strategies.

