News From The Employee Benefit Research Institute

New EBRI Research Finds Student Loan Borrowers in Their 40s Have Median 401(k) Account Balances About 45% Lower Than Those Without Student Loan Debt

Universal Adoption of a Student Loan Retirement Matching Program Could Add More Than $10 Billion Annually in 401(k) Employer Matches, EBRI Estimates

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WASHINGTON, D.C. -- Among 401(k) plan participants in their 40s, those with student loan debt had median retirement account balances approximately 45% lower than participants without student loan debt, according to a new research report from the Employee Benefit Research Institute (EBRI). The research also estimates that universal adoption of a student loan retirement matching program could add $11.2 billion or $20.2 billion in annual 401(k) matching contributions, depending on the assumed maximum employer matching threshold.

The new EBRI research report, “Understanding Who Would Benefit From a Student Loan Retirement Matching Program and by How Much,” examines the characteristics of workers with student loan debt and differences in retirement plan participation, contribution rates and account balances between participants with and without student loan debt. The study is the first of two EBRI studies examining the potential impact of student loan retirement matching programs.

Student loan debt reached $1.66 trillion at the end of the first quarter of 2026, up from $360 billion in 2005. While student loan debt is most prevalent among younger workers, the research found student loan debt among participants across age, income, tenure and retirement account balance levels.

“Student loan debt can have an impact on retirement preparation that goes well beyond the size of the loan balance itself,” said Craig Copeland, director of Wealth Benefits Research at the Employee Benefit Research Institute. “This research shows the differences between those with and without student loans in participation in 401(k) plans, how much is contributed and ultimately how much is accumulated in these plans. The fact that these differences appear to persist over time highlights the interaction of student loan payments and retirement savings over a worker’s entire career.”

Key findings in the report include:

- One in five 401(k) plan participants ages 25–69 carried student loan debt. Younger participants were substantially more likely to have student loan debt: 35.7% of participants ages 25–29 held student loan debt, compared with 20.8% of participants ages 40–44 and 12.9% of participants ages 55–59.
- Younger student loan borrowers were less likely to participate in a defined contribution plan when eligible. Among individuals ages 25–34, 75.5% of those with student loan debt

participated in a defined contribution plan when eligible, compared with 84.1% of those without student loan debt.

- Participants with student loan debt generally contributed at lower rates. The difference in median contribution rates was as much as 14.7% lower among participants ages 50–54 with student loan debt, and lower contribution rates among borrowers persisted across all income levels.
- The median account balance for participants with student loan debt was lower than for participants without student loan debt, with the largest difference being approximately 45% lower for participants in their 40s. The lower median balances among student loan borrowers persisted across all income and tenure levels.
- The retirement savings gap persisted over time. Longitudinal analysis found that participants with student loan debt continued to have lower contribution rates and account balances. Despite some narrowing of the gap, older participants with student loan debt continued to have account balances approximately 30% lower than participants without student loan debt.
- Many student loan borrowers contributed below common employer matching thresholds. Among 401(k) participants with student loan debt, 39.2% contributed less than 4% of income, 49.7% contributed less than 5% and 61.3% contributed less than 6%.
- Employer matching contributions represent a potentially significant addition to participants' retirement savings. Among student loan borrowers contributing below common maximum matching thresholds, the median ratio of employer contributions to employee contributions was approximately 60%–70%. In other words, for every dollar contributed by an employee up to the maximum matched amount, the participant could expect to receive approximately 60 cents to 70 cents in employer contributions.
- The potential value of additional matches from universal adoption by plan sponsors of a student loan retirement matching program could be substantial. EBRI estimates that additional annual matching contributions to 401(k) plans for individuals ages 25–69 with student loan debt could total $11.2 billion under an assumed 4% maximum matching threshold and $20.2 billion under an assumed 6% maximum matching threshold.

"For employees working to pay down student loan debt while also trying to prepare for retirement, access to an employer match can make a meaningful difference," said Laurel Taylor, founder and CEO of Candidly. "This research helps quantify the scale of the challenge facing workers and employers. Student loan retirement matching programs can provide another way for employees to build retirement savings while meeting an important financial obligation, rather than feeling that one financial priority must come at the expense of the other."

The analytic dataset included anonymized student loan attributes from TransUnion. The combined data allowed EBRI to examine 401(k) plan saving behavior alongside student loan debt.

The Setting Every Community Up for Retirement Enhancement (SECURE) 2.0 Act allows plan sponsors to make retirement plan matching contributions based on qualified student loan payments without requiring employees to make corresponding elective retirement plan contributions. The provision directly addresses the retirement savings gap identified among workers with student loan debt by allowing eligible workers to receive employer matching contributions while paying down student loan obligations.

A second EBRI study will build on the findings by examining how additional matching contributions from student loan retirement matching programs could affect retirement income adequacy. The analysis will use EBRI's Retirement Security Projection Model to examine the potential longer-term impact on retirement outcomes.

The development of this research report was funded with support from Candidly.

To review the complete new research report, visit https://www.ebri.org/student-loan-retirement-matching.

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Media Note: To receive the complete research report, email Ron Dresner at dresner@ebri.org.