

Student Loans: Is it Time for Employers to Step In?



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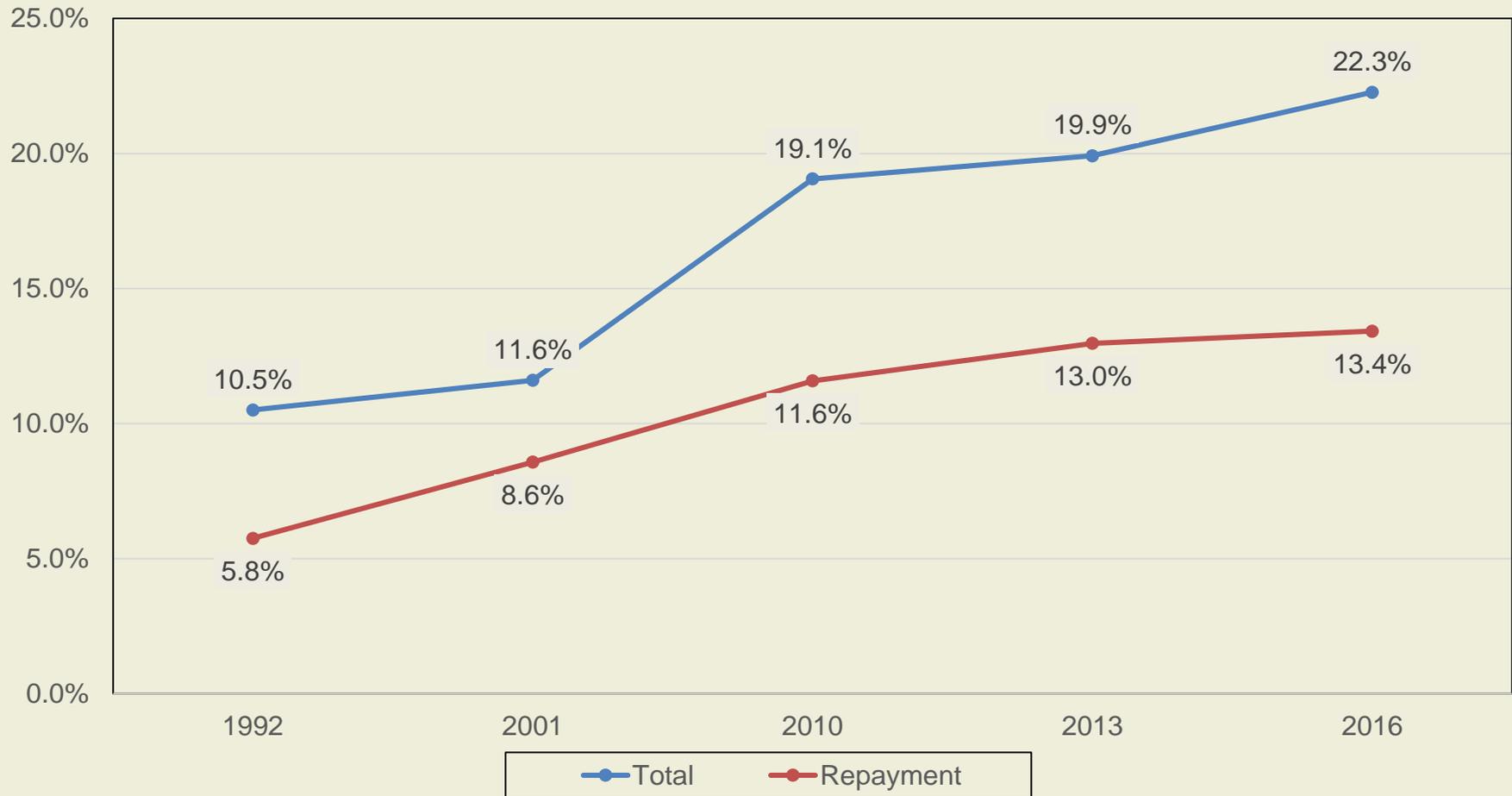
Trends in Student Loan Debt, 1992-2016

Craig Copeland, EBRI
EBRI Policy Forum
May 10, 2018

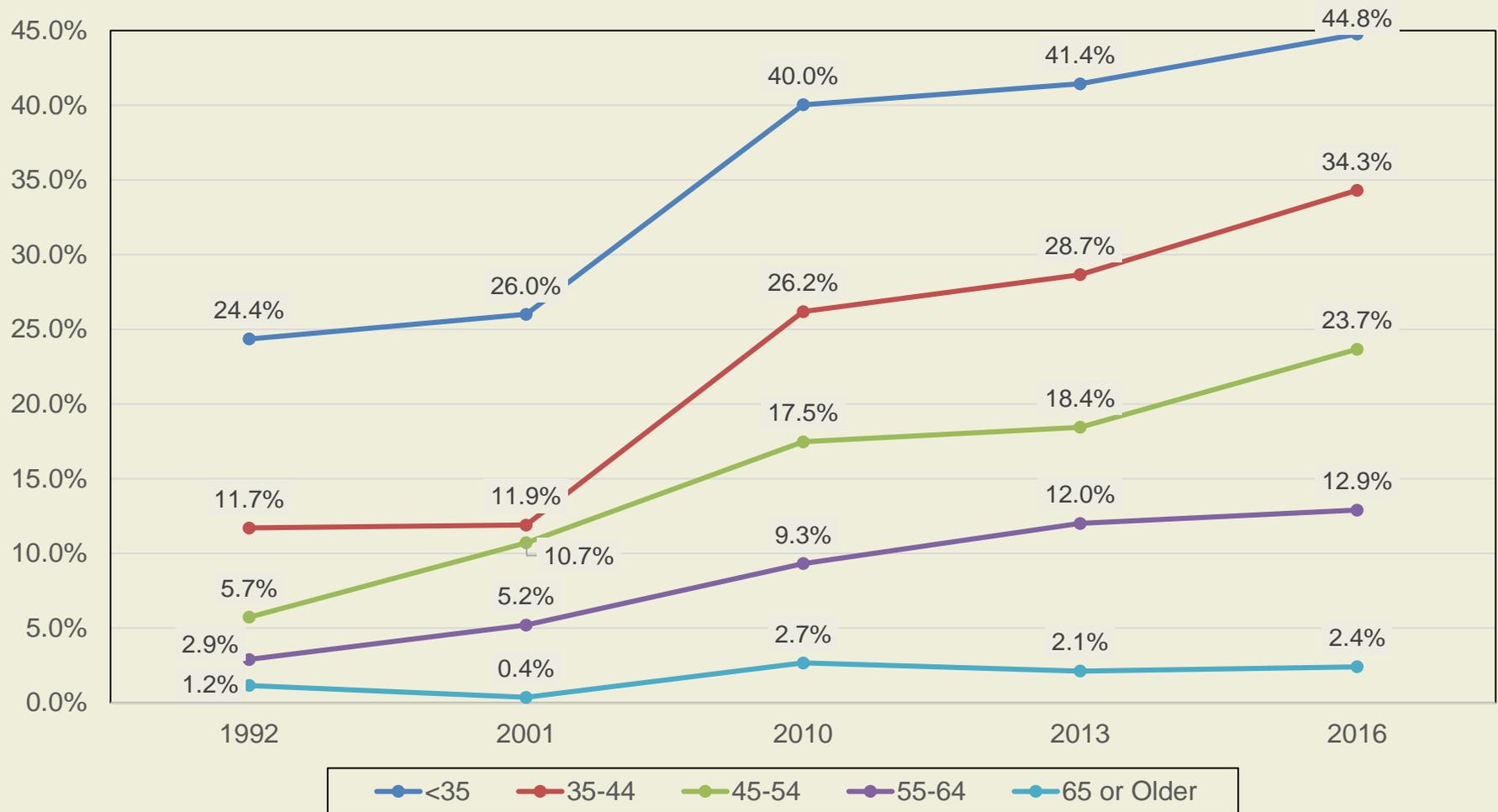
Overview

- Student Loan Debt
 - Incidence
 - Amounts
 - Payments
 - Specific Assets and Student Loan Debt
- Data Source—Survey of Consumer Finances
 - Federal Reserve's triennial survey on family wealth
 - Most comprehensive government survey on American families' total wealth
 - Contains all types of wealth including detailed data on all asset and debt types

Percentage of Families With Student Loan Debt and Percentage With Student Loan Debt in Repayment Status, 1992-2016

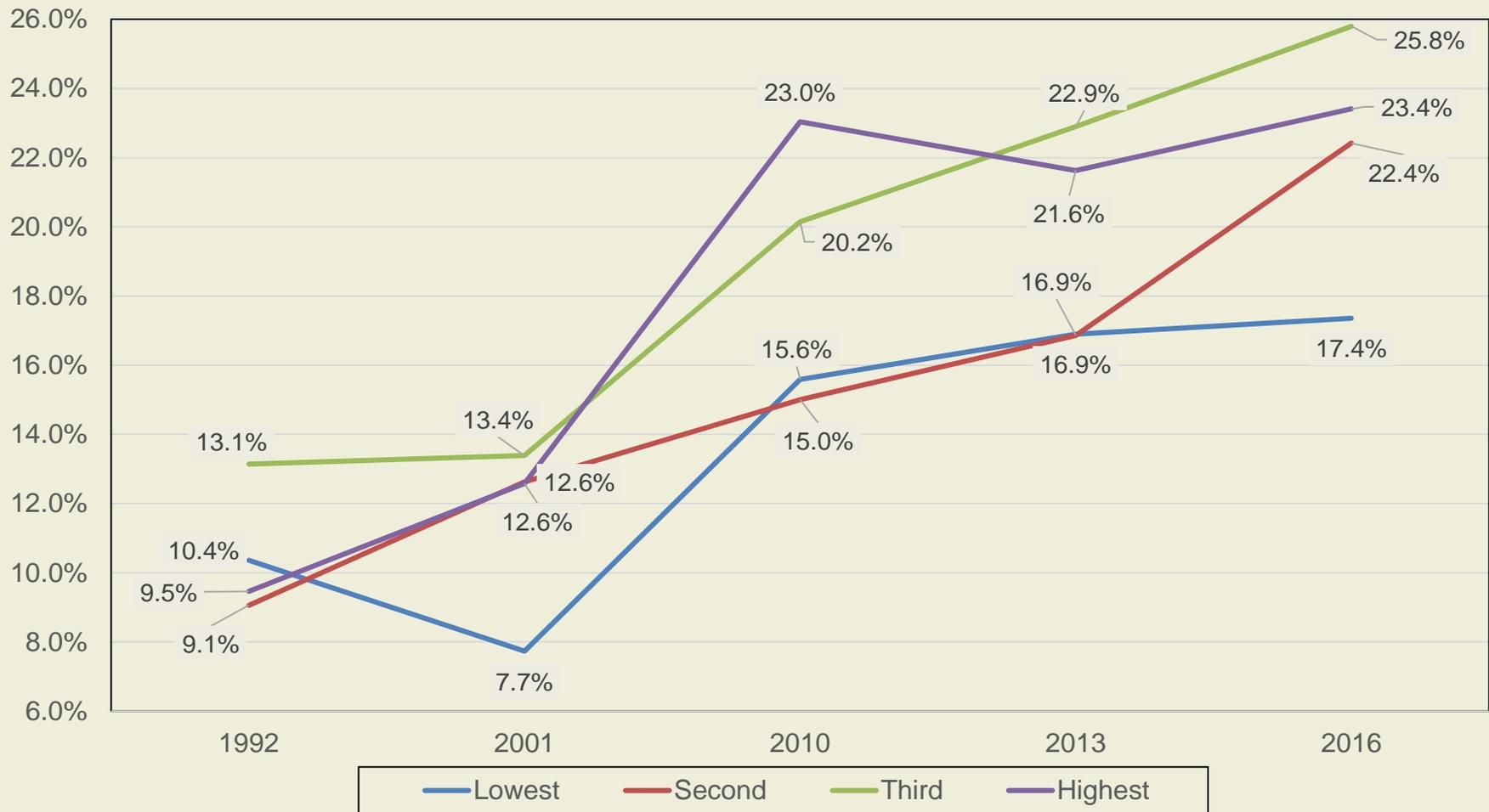


Percentage of Families With Student Loan Debt, by Age of Family Head, 1992-2016



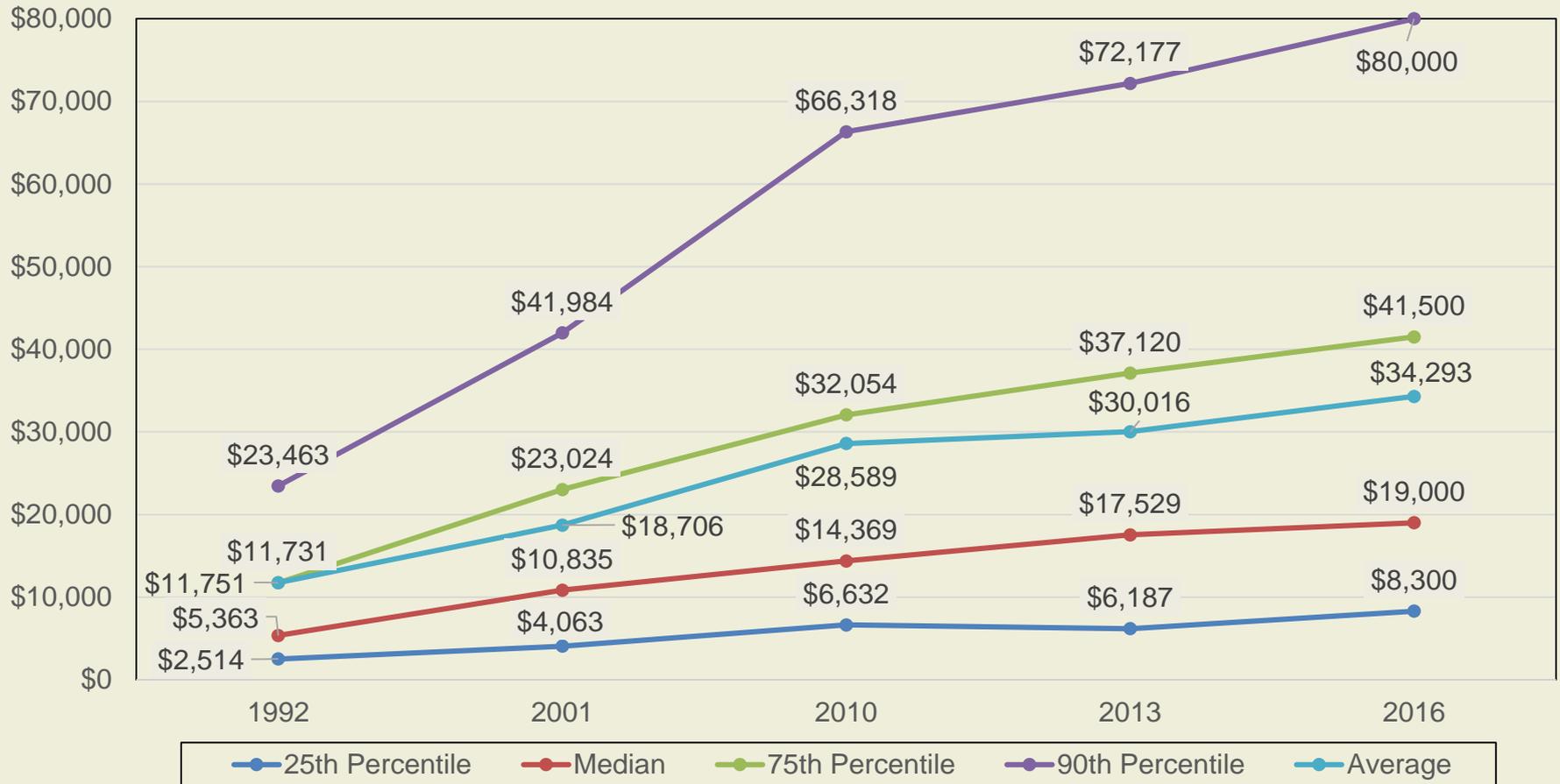
Source: Employee Benefit Research Institute estimates from the 1992, 2001, 2010, 2013, and 2016 Survey of Consumer Finances.

Percentage of Families With Student Loan Debt, by Family Income Quartile, 1992-2016



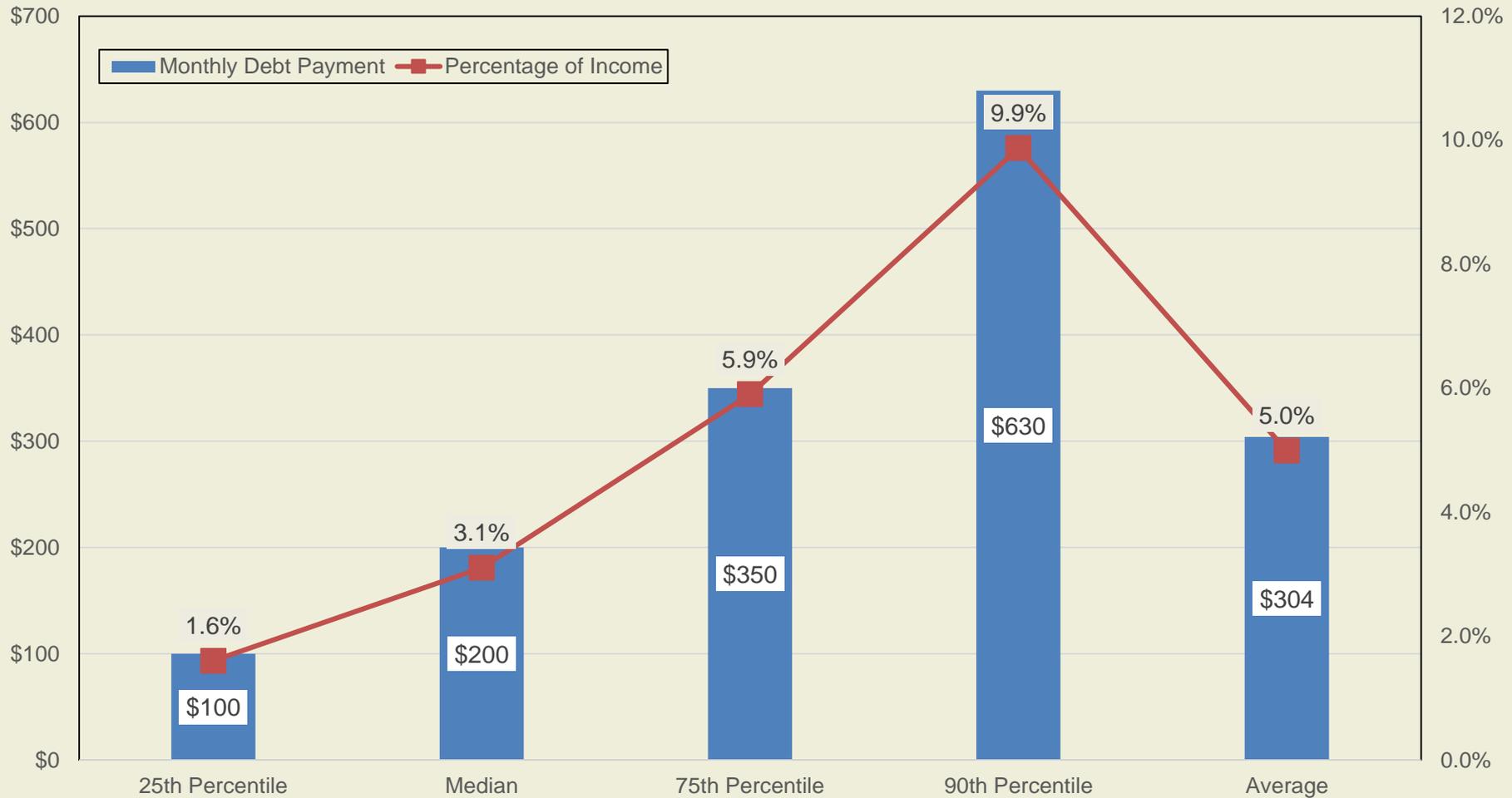
Student Loan Debt Amounts

Distribution of Student Loan Balances for Families Having Student Loans, by Various Demographic Categories, 1992-2016



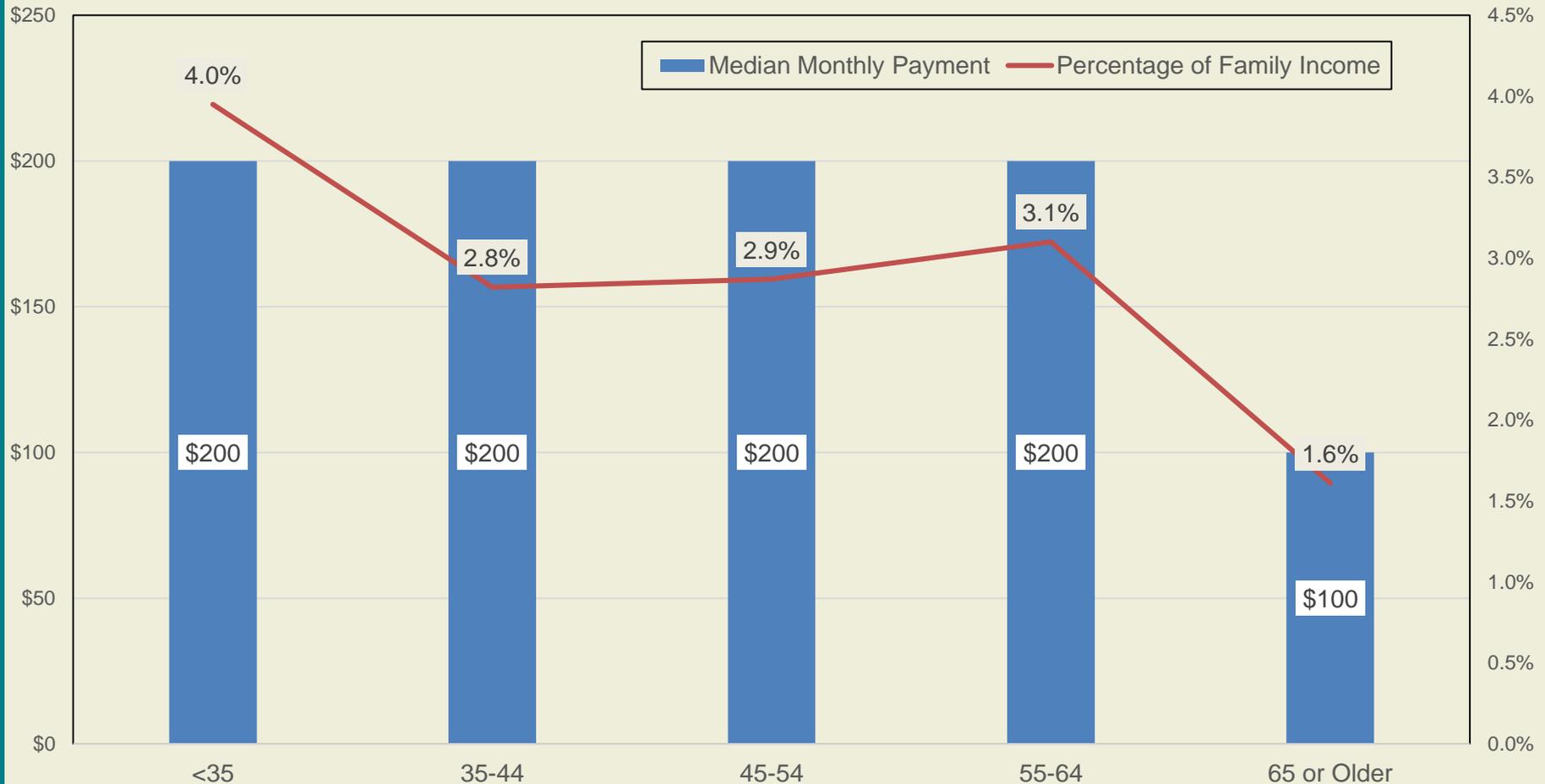
Median Monthly Required Student Loan Debt Payments and Percentage of Income the Debt Payments Represent

Distribution of Reported Required Family Monthly Student Loan Debt Payments and Distribution of the Percentage of Family Income That the Debt Payments Represent, 2016



Source: Employee Benefit Research Institute estimates of the 2016 Survey of Consumer Finances.

Required Median Monthly Student Loan Debt Payments and Percentage of Income That the Debt Payments Represented, by Family Head Age, 2016

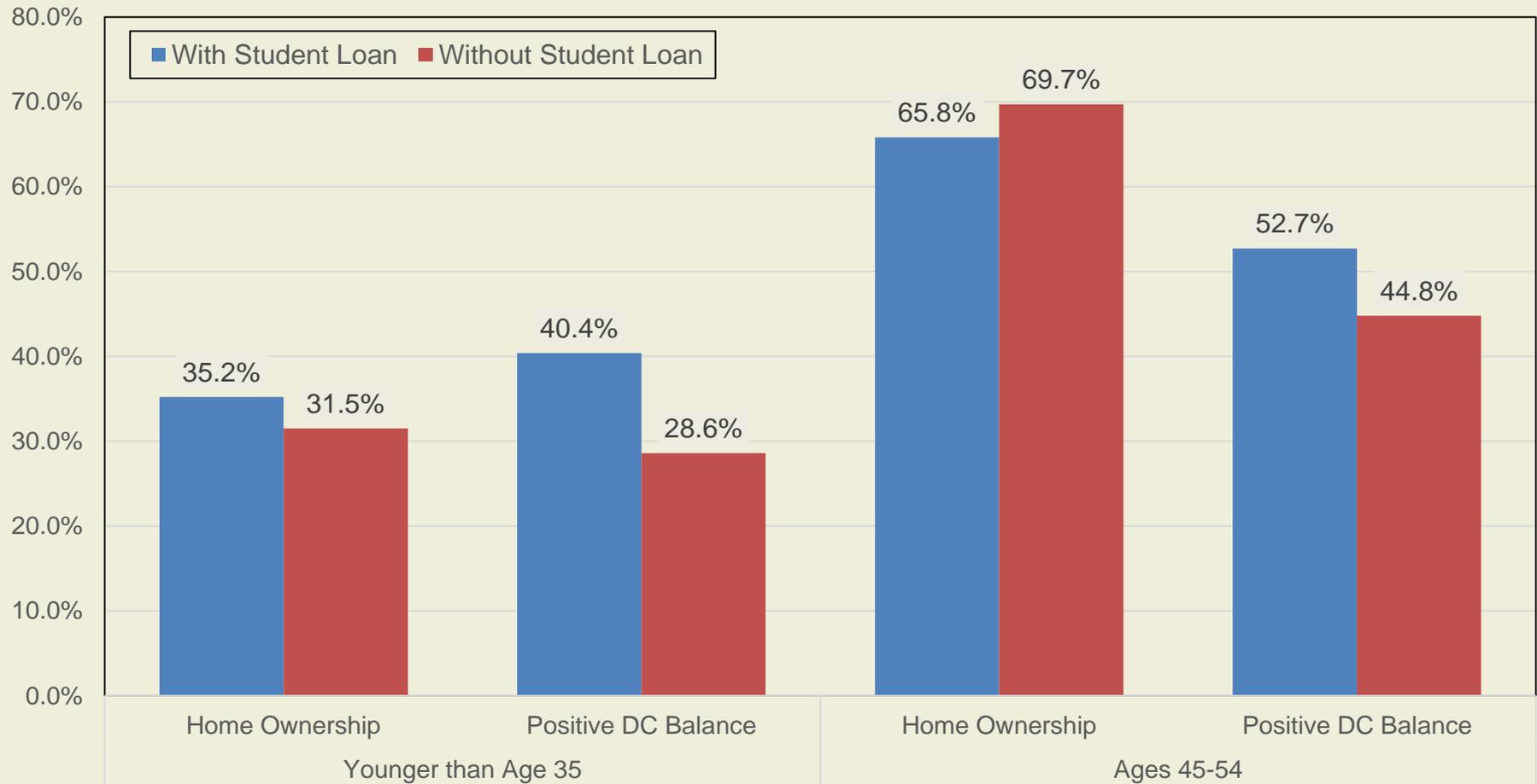


Source: Employee Benefit Research Institute estimates of the 2016 Survey of Consumer Finances.

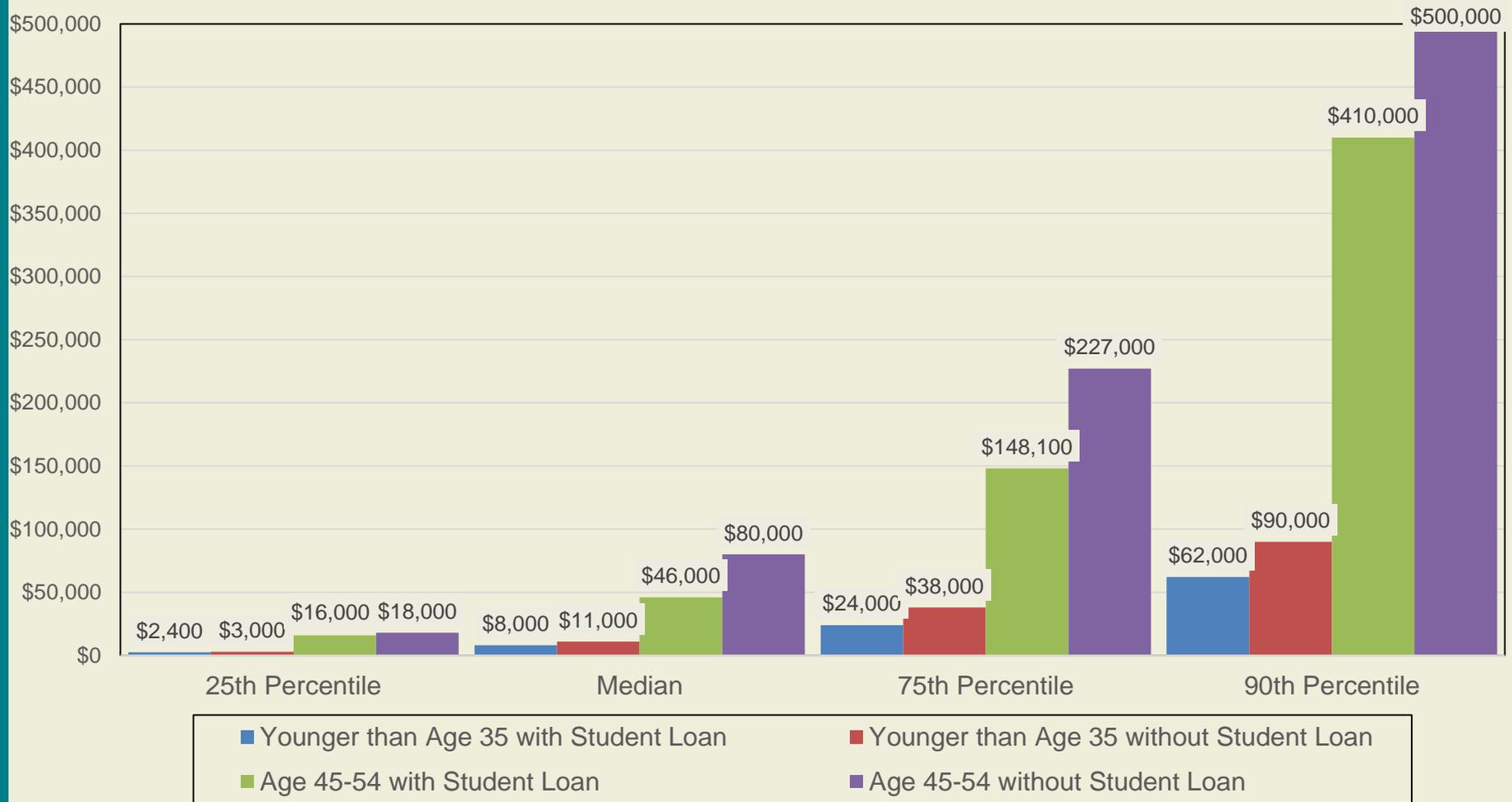
Specific Assets and Student Loan Debt

- Home Ownership
- DC Plans

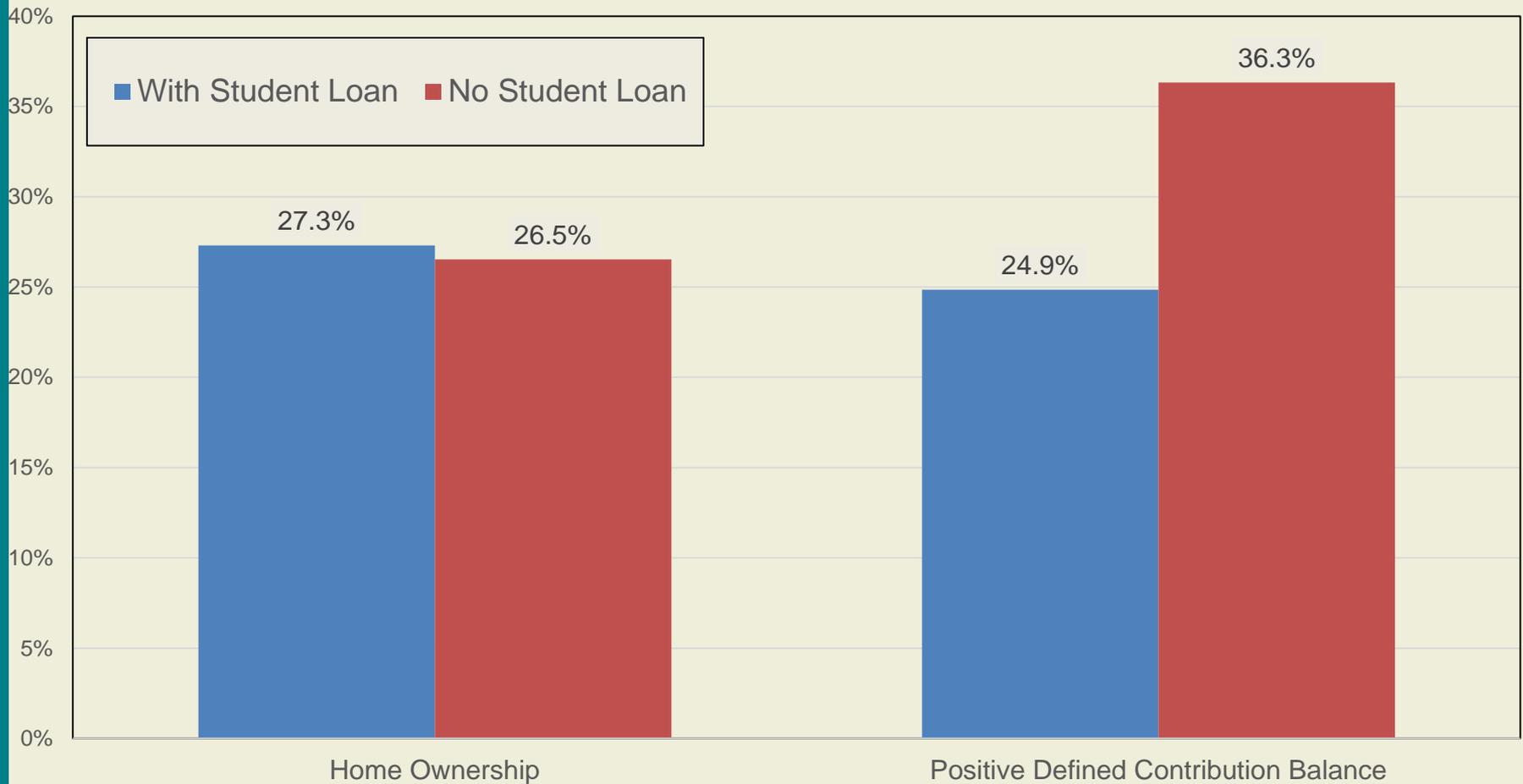
Percentage of Families Who Own a Home and Have a Positive DC Balance, by Student Loan Incidence and Age of Family Head, 2016



Distribution of DC Plan Balances for Families With and Without Student Loans, Families With Heads of Specific Ages, 2016

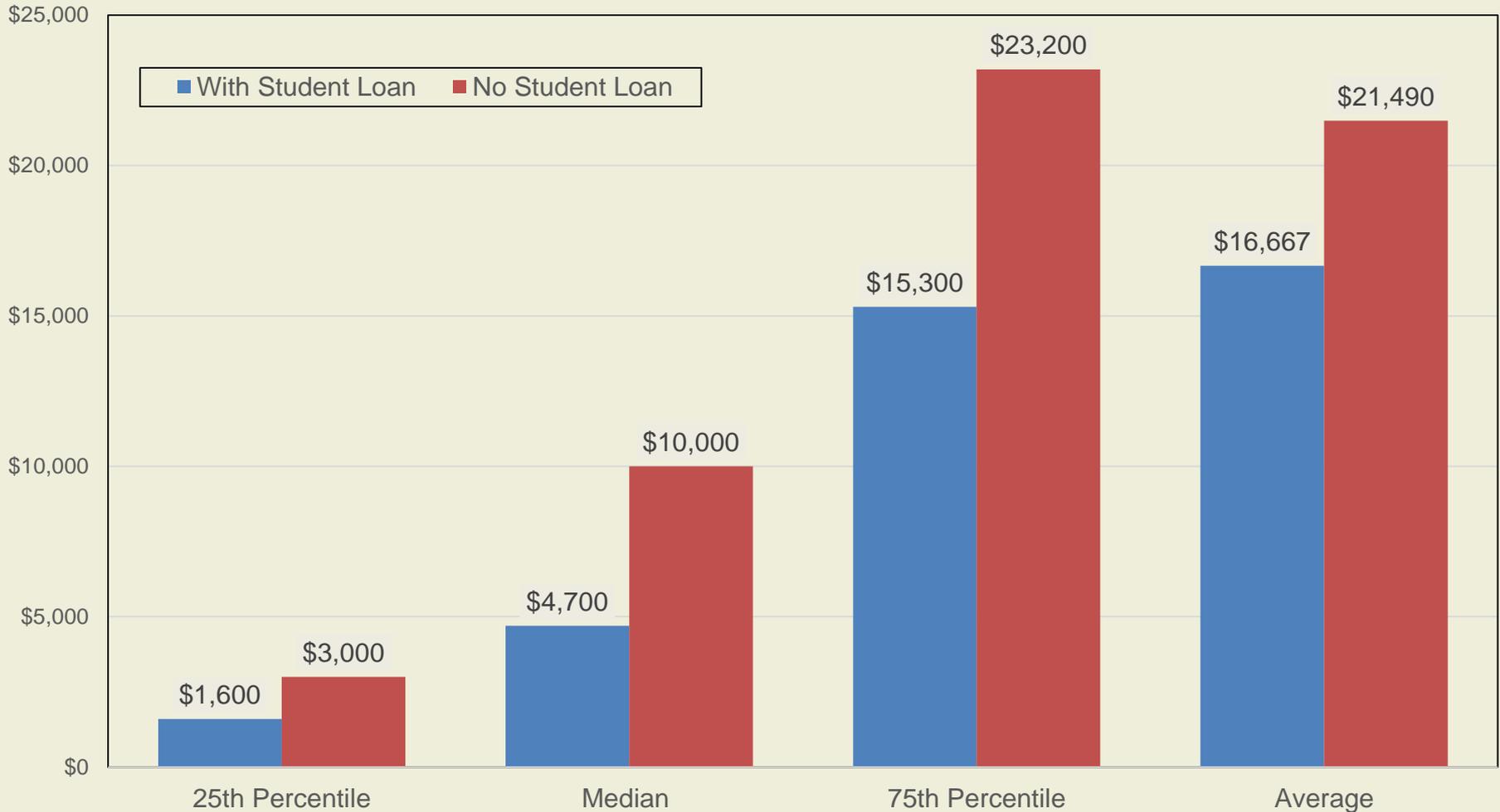


Percentage of Families With Heads Younger Than Age 35 and Having Some College That Own a Home and Have a Positive Defined Contribution Balance, by Student Loan Incidence, 2016



Source: Employee Benefit Research Institute estimates of the 2016 Survey of Consumer Finances.

Distribution of Defined Contribution Balances for Families With Heads Ages Younger Than 35 and Some College, by Student Loan Incidence, 2016



Source: Employee Benefit Research Institute estimates of the 2016 Survey of Consumer Finances.

Takeaways

- The incidence of student loan debt has been growing significantly (nearly doubling since 2001), particularly among families with heads younger than age 35 and ages 35-44.
- The average student loan debt amount increased in real amounts by 20% from 2010 to 2016, and the median increased 32%.
- The required median debt payment was \$200 in 2016, which represented 3.1% of family income. However, these payments reach 10 percent and above of family income for those with the highest debt payments.
- DC balances are lower for those *with* student loan debt than for those without it.

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Retirement, Health and Financial Wellbeing
Thursday, May 10, 2018
Wireless Network: DCCTR
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KATE WINGET



Debt directly impacts your employees and their performance

80% of working professionals with student debt consider their student debt to be a source of significant or very significant stress.

Four out of five employers report that their employee's personal financial issues impact their job performance resulting in:

12-20 Hours

a month are utilized by an estimated 80% of employees who try to deal with their financial worries at work²

74%

of millennials that like their job are still planning to leave in the next three years

Which translates to real costs for employers:

90-200%

Turnover costs up to 90 – 200% of an employee's annual salary

\$30.5B

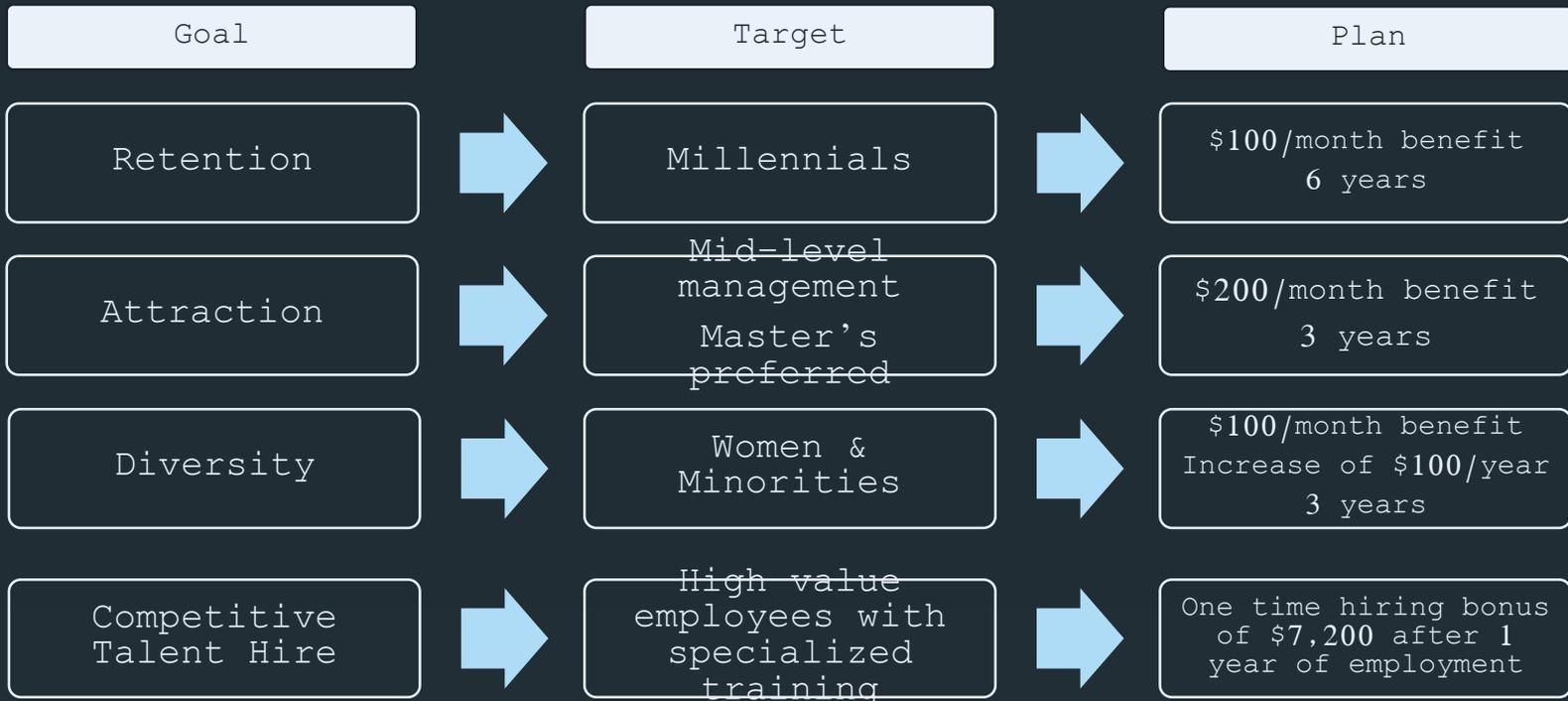
Millennial turnover alone is estimated to cost the U.S. economy \$30.5 billion

Corporate culture and benefits packages must be tailored to engage the needs of Millennials and give them reasons to stay



Debt is not a one size fits all problem, and our solutions shouldn't be either

Budget: \$7,500/employee



Help Sarah pay off debt **3 years, 1 month** earlier and save up to **\$10,046**

WITHOUT STUDENT
LOAN CONTRIBUTIONS

\$26,500
PRINCIPAL PAID

\$5,696
INTEREST PAID

10 yrs
REPAYMENT TIME

\$32,196

TOTAL PAID

WITH STUDENT
LOAN CONTRIBUTIONS

\$18,300
PRINCIPAL PAID

\$3,850
INTEREST PAID

6 yrs, 11 mos
REPAYMENT TIME

\$22,150

TOTAL PAID

