



# Improving the Retirement System— Student Loans

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## Marketplace Trends

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- Individuals continue to look for retirement security and financial independence
- Pandemic increasing individuals' financial stress and anxiety about their future
- Employees are overwhelmed with myriad financial offerings in the marketplace, struggling with how to best utilize benefits offered by their employer and how to achieve retirement security and other life goals
- On average, women earn less and are saving less of their income which could magnify their financial stress

## Key Statistics

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### Heightened Employee Stress

**67%** of employees find it stressful dealing with their financial situation<sup>1</sup>



### Repurposing Existing Benefits for Unintended Purposes

**56%** of millennial employees think it's likely they would need to use their retirement plan to pay for an unexpected expense<sup>1</sup>



### Women are putting less away for retirement

Women save on average, just **6.9%** of their pay, compared to **7.6%** for men<sup>2</sup>

1. PwC Employee Financial Wellness Survey, 2019.

2. <http://aon.mediaroom.com/2013-08-14-Aon-Hewitt-Report-Shows-Women-Lag-Behind-Men-in-Saving-for-Retirement>

# Student debt is one of the most significant challenges to financial wellness



**46 million**

Americans with student debt<sup>1</sup>

**\$1.7 trillion**

Total student debt in America<sup>1</sup>

**1 in 4**

young people dip into 401(k)s to pay off debt<sup>2</sup>

## TIAA Student Debt survey results<sup>3</sup>

TIAA's survey shows that student loans have significant financial and emotional impact on those in the public service and nonprofit sectors.

**Over half**

of those with student loans have more than \$50,000 in debt

**3 in 4**

report feeling frustration, hopelessness, anger or shame

**Over half**

are delaying major life events like buying a home, marrying and having children

**69%**

have reported a reduced household income due to the pandemic

Source: 1. The Federal Reserve estimates that total student debt is \$1.7 trillion, and \$500 billion in new debt will be incurred over the next five years, according to a 2020 report from the Congressional Budget Office. 2. Merrill Lynch and Age Wave report. 3. TIAA 2020 Nonprofit Student Debt Survey: Nonprofit workers face a profound impact from COVID-19, November 2020.



## Federal Forgiveness Programs & Repayment Plans

- Helps borrowers navigate the complex Public Service Loan Forgiveness (PSLF) process
- Frequently the most impactful solution for employees of 501(c)3s



## Workplace Benefits

- Direct payments against loans or reimbursements
- Abbott Private Letter Ruling model—retirement match while paying student debt



## Loan Refinancing

- Best for high interest loans
- Generally requires good credit or a co-signer

# We have joined forces with social impact technology firm Savi to offer a simple student debt solution



## Savi helps nonprofit sector employees with student debt:

Understand and evaluate their options

Lower their monthly payments for immediate relief

Enroll in a forgiveness program that can provide significant relief after a number of years

Help prepare and file paperwork for income based repayment and loan forgiveness programs<sup>1</sup>



95%

Congrats! You could be eligible for federal forgiveness.

**Federal Loan Forgiveness Repayment Plan** Select Plan

PAYE Plan

Lowest Monthly Payment  Lowest Total Payment  Fastest Repayment

**↓ \$121.96** Monthly Payment      **↑ \$355.00** Monthly Savings      **\$50,000.00** Projected Forgiveness

This is an income-based repayment plan offered by the US Department of Education. This plan requires a financial hardship to enroll and has a cap on maximum monthly payment.

[Repayment Plan Details](#) ▼

[Includes Public Service Loan Forgiveness](#) ▼

[See Other Plans \(3 Total\)](#) ▼

## Participant Results and Outcomes

~ \$1,900

Average savings using the Savi Solution<sup>2</sup>

\$7M

Total TIAA participant savings<sup>3</sup>

\$155M

Total Projected loan forgiveness<sup>3</sup>

\$50K

Average forgiveness per person<sup>3</sup>

*"I feel grateful and appreciative for the savings that my employer and TIAA brought to me." – Healthcare employee*

*"My monthly payment went from \$360 to \$150 – a reduction by more than half!" – Higher Education employee*

<sup>1</sup>This service is available for a small annual fee. <sup>2</sup>As of December 31, 2020, based on Savi's internal measurements. <sup>3</sup>As of 5/31/21.



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