

## BENEFIT TRENDS

### Are Employers Smart to Deal with Student Debt?

In recent decades, a college education has become accessible to more Americans than ever before. Since most families or individuals can't write a check for a full year's tuition, student loans are one way to finance that attractive education. Students loans are often touted as "good debt," worthwhile money spent that, with low interest rates and career advances, can improve credit and long-term earning prospects.

Since 2013, that story has shifted. With the rising costs of higher education and stagnant wage growth, student debt can have a long-term negative impact on millions of workers and their families. As [Human Resource Executive](#) shares, 44 million Americans carry education debt. Nearly two-thirds of a surveyed group with student loans had less than \$1,000 in savings, and the average debt outpaced average annual income by nearly \$30,000.

That burden has a significant financial impact on individuals and families. Beyond the financial toll, the burden of student loan debt is impacting the health of the nation's workforce. Anxiety and depression are linked to the chronic stress of long-term financial concerns and debt. Individuals with debt may be less likely to pay for gym memberships, keep up with regular medical checkups, and take other steps they fear could cost money. Increased risk of illnesses like migraines, cardiovascular disease, and insomnia are also connected to financial stress.

Stress and illness, in turn, can cause increased absenteeism and decreased productivity. It's no wonder some employers are looking for ways to help ease that burden.

Companies are pursuing a variety of approaches which can ease the burden associated with student debt. Some offer direct assistance benefits for degrees completed. According to [Workforce](#) magazine, other companies opt to also support continued education. Encouraging employees to focus on student loan payments by providing additional employer 401(k) contributions is common as well and has the added benefit of providing a tax savings to the employer.

While the cost to support student debt repayment programs is a concern for most employers, signs point to it offering a good return on investment. Beyond tax savings, there are employer benefits to reap when supporting employee education.

Keeping employee skills sharp through coursework, certifications, and conferences is one way to help address the fast pace of technological changes and future proof a workforce, according to a story in [USA Today](#). In a tight labor market, keeping talent is a good thing and also means avoiding having to recruit, train and retain new employees.

Executives are taking notice. By reimbursing for undergraduate or graduate level business coursework, [Human Resource Executive](#) notes the company benefits from better educated employees while supporting employees' professional growth. Many younger employees begin their career with considerable student debt, so assistance in any form may improve both morale and increase loyalty. One company that focuses on creating student loan repayment assistance tools for employers reports a 40 percent lower turnover rate for employers who offer support.



Educational debt has become a major news story in recent years. In response, the number of larger employers looking to ease some of this burden through student repayment solutions has doubled. While still a relatively rare benefit offered by employers, it's a trend to watch.

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[Ask HR: How do today's workplaces need to change to meet the future?](#)

[Finance Execs are Willing to Pay for Degrees for Workers](#)

[What You Can Do About the Student-Loan Burden](#)