

# GENERATING INTEREST: COLLEGE DEBT'S TOLL ON AMERICAN WORKERS

## NEW DATA SHOWS STUDENT LOANS ARE LIMITING SKILL DEVELOPMENT AND IMPACTING CAREER DECISIONS

What's the impact of educational debt? The data show that it's not just an employee's problem.

The *EdAssist*® Student Loan Debt Survey reports on the responses of more than 1,000 employees with student loans and finds that when it comes to student debt, everyone is paying a steep price.

Commissioned by EdAssist and conducted by Kelton Global, the survey of more than 1,000 Americans with student loans shows a new side to college debt. In addition to significant personal sacrifices such as giving up on career goals and plans for future education, employees struggling to pay down college debts are making job choices that will weigh on the economy, the individual, and the employer.

But there's good news too.

Employees are eager for assistance. By taking action, employers not only have an opportunity to take the lead in an area that's rapidly generating interest, but also to engender great performances, gain the attention of valuable recruits, and gain an edge as a company people will strive to work for.

# OBSTRUCTING CAREERS

MORE THAN A THIRD OF AMERICANS SAY DEBT NARROWS CAREER CHOICES



AGREE THAT STUDENT LOANS HAVE LIMITED THEIR CAREER CHOICES



FORGO THEIR DREAM JOB DUE TO STUDENT LOAN DEBT



TAKE ANY JOB THEY CAN GET TO PAY OFF STUDENT LOAN DEBT

## STIFLING LEARNING

APPROXIMATELY **TWO-THIRDS** OF AMERICANS WITH DEBT SAY IT'S KEEPING THEM FROM PURSUING A NEW DEGREE



## JEOPARDIZING THE AMERICAN DREAM

AMONG AMERICANS WITH STUDENT LOAN DEBT DIFFICULTIES...



STRUGGLE TO BUY A CAR



HELD BACK IN BUYING A HOUSE



CAN'T OPEN A CREDIT CARD



DELAYING GETTING ENGAGED OR MARRIED

## FACTS ABOUT STUDENT DEBT

### A BURDEN THAT LASTS INTO RETIREMENT

Most newly minted grads leave school with a five-figure debt — an amount large enough to eat up a starting salary.

But it's not just new graduates who are paying the price.

- The national collective total of education debt: \$1.3 trillion
- Number of 2015 graduates coming into the workforce with debt: 71%<sup>1</sup>
- Percent of Baby Boomers with student loans still carrying debt for their own education: 65%
- Average amount of debt per new graduate: \$37,172<sup>1</sup>

### PUTTING THEIR LIVES IN NEUTRAL

The weight of student loan debt has disrupted the lives of 82% of respondents, often in significant ways. Among those with student loan debt difficulties:

- 50% have been held back from buying a house
- 21% are struggling to start a family
- 78% said it has impacted their ability to save for retirement

## THE EFFECTS ON EMPLOYEES

### ABANDONING PLANS FOR FUTURE EDUCATION

In a rapidly changing knowledge economy, advancing skills is a must. Yet while 85% of respondents with debt said they would like to pursue additional education, half said their financial obligations will make that difficult.

- 64% said current debt would keep them from pursuing a new degree

<sup>1</sup> Josh Mitchell, "Student Debt Is About to Set Another Record, But the Picture Isn't All Bad," *Wall Street Journal*, May 2, 2016.

## FORCING JOB CHANGES TO PAY THE BILLS

Passions and goals play enormous parts in employee engagement, but people with debt are paying the price in both areas. More than half of respondents (58%) told us that debt has forced them into jobs just for higher pay, while 33% said they opted for any job they could get just to pay off their loans.

- 37% have felt forced to forgo the work they are most passionate about
- 50% agreed that student loans limited career choices
- 30% have resorted to more frequent job-hopping

## LIMITING CAREER CHOICES: NARROWING TALENT POOLS FOR CRITICAL SPECIALTIES

With the high price of college, career choice often comes second to cost. And some of the most critical specialties are among the first to go. Nearly half (49%) of respondents said debt has prevented them from pursuing a specialized field such as teaching, nursing, or social work. And if not for the burden of loans:

- 23% would like to be teachers
- 19% would like to be doctors
- 18% would like to be social workers
- 15% would like to be nurses

## OPPORTUNITIES FOR EMPLOYERS

### COLLEGE DEBT IS TIME-CONSUMING AND TOP OF MIND

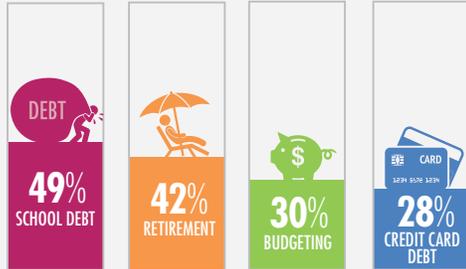
Student loan stress commands an exceptional amount of employees' energy. More than three-quarters (80%) said debt is a factor in at least some of their purchasing decisions, and nearly half (40%) said they think about debt all the time.

One culprit is its sheer complexity. Debt repayment rules have been found to be so confusing that nearly half (45%) of those paying loans told us they are completely unaware of the rate they're paying. This is compounded by the fact that many Americans have multiple loans, and so the tradeoffs of consolidation are often hard to assess.

- 39% have three or more outstanding loans
- 64% have considered refinancing their loans
- 84% feel completely overwhelmed by the thought of choosing a refinancing option

# EMPLOYEES WANT EXPERT HELP

AMERICANS WITH DEBT SAY THEY WOULD PREFER STUDENT DEBT REPAYMENT GUIDANCE OVER ADVICE ON ANY OTHER FINANCIAL CHALLENGE



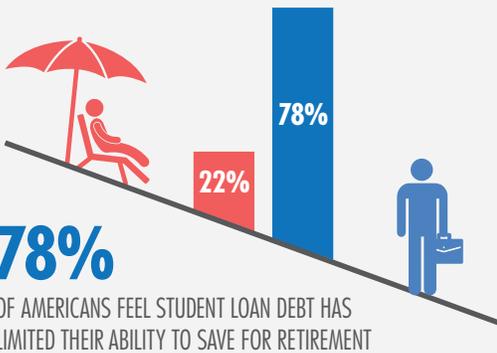
## HELP EMPLOYEES GET ANSWERS AND RENEW THEIR FOCUS

Not surprisingly, student debt repayment guidance tops the wish list for desired financial advice. Nearly half (49%) told us that if they were able to speak with a financial advisor at no cost, they would ask for strategies on paying for their education, versus those who would ask for help with retirement (42%), budgeting (30%), and credit card debt (28%).

And they're eager for help from employers.

- Nearly a third of respondents said debt repayment is the most important job benefit
- 47% of respondents said student debt assistance is important when searching for a new job

## PUTTING RETIREMENT OUT OF REACH



## MORE THAN JUST MILLENNIALS

It's not just new grads lumbering along with student loans; debt is hampering even those nearing retirement. While 72% of people across the workforce feel the impact of student loan debt every day:

- 65% of Baby Boomers still carry student loan debt for their own education
- 78% of Baby Boomers with debt say it has affected their ability to save for retirement
- 73% of Gen Xers with debt say it impacts their life every day
- 79% of Gen Xers with debt say it has made it more difficult to "live my life the way I want"

## MORE THAN JUST MILLENNIALS

STUDENT DEBT IS NOT JUST A PROBLEM FOR NEW GRADUATES



**65%**  
OF BABY BOOMERS WITH STUDENT LOANS STILL CARRY DEBT FOR THEIR OWN EDUCATION EXPENSES

## CONCLUSION

With the student loan debt crisis growing, employees are seeking help. And employers willing to offer it can differentiate their recruitment, compensation, and benefits packages to secure the best talent. This type of program can increase employee loyalty and reduce turnover while strengthening talent management strategies. Employers have an opportunity to not just support their business, but also to send a message about the kind of company they want to be.

# ABOUT EDASSIST

EdAssist is a leading provider of tuition assistance and student loan repayment services for large employers. By aligning education programs with talent goals, EdAssist helps drive measurable improvements to recruitment, retention, and employee engagement. The company's unique approach to program management includes a software platform for streamlining program administration, expert advisors who guide employees to the best educational and financial decisions, and discounts from more than 200 accredited educational institutions.



EdAssist is a part of **Bright Horizons®**, one of the world's largest providers of employer-sponsored child care, education, and work/life balance solutions.

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## ABOUT THE EDASSIST STUDENT LOAN DEBT SURVEY

Margin of Error = +/-3.1 percent

Sample = 1,024 Americans ages 18 and over with student loan debt

The EdAssist Student Loan Debt Survey was conducted between March 14 and March 21, 2016, among 1,024 Americans 18+ with student loan debt, using an e-mail invitation and an online survey. Quotas are set to ensure a reliable representation of the U.S. population 18 and over.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results.

In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 3.1 percentage points from the result that would be obtained if interviews had been conducted with all personas in the universe represented by the sample. The margin of error for any subgroups will be slightly higher.