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JULY 12, 2017

WHERE ARE THE WORKERS AND HOW DO WE HOLD ONTO THEM? PART 2: THE MILLENNIAL GENERATION

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In our last white paper, we addressed long-term care (LTC) as a benefit that we think many professional services employers may want to consider as a way to benefit and therefore retain their Baby Boomer and Generation X employees. But, what about attracting and retaining younger employees? Your bulletproof millennials are likely not thinking about the need for LTC or protection of their retirement assets.

More than 70% of today's college graduates face student loans with an average debt of more than \$35,000 – an amount that has steadily increased over the past two decades.¹ These young employees are more likely to say that such excessive debt causes them to delay major life events such as buying a home, saving for retirement, or having children.² Additionally, 32% will live in their parents' home.³ They are also 20% more likely to say that their debt caused them to take a job outside their field or to work more than one job.

As a generation that is already proving A) massive and B) challenging, this group of workers is 15% more open to switching employers than any other generation according to a 2016 Gallup poll.⁴ Considering the cost of recruiting and onboarding younger employees, retaining a group of employees that may be more mobile than previous generations is going to require looking at all available options. **To attract and retain millennials in particular, more employers are expanding their benefit programs by offering a resource to help their employees pay off their student loan debt.**

According to SHRM, about 4% of employers offered such a benefit in 2016,⁵ but it is starting to look like 2017's hottest benefit. A Fidelity survey of employers found that 21% of respondents were considering adding such a benefit this year. This makes a lot of sense based upon how millennials react to the offering. In the 2015 American Student Assistance Survey, 76%

1. <https://studentloanhero.com/student-loan-debt-statistics/>

2. <https://www.bostonglobe.com/lifestyle/real-estate/2016/09/30/student-loan-debt-causes-chain-reaction-housing-market/p6DGy4f2px9vadMJnKr39O/story.html>

3. <http://www.pewsocialtrends.org/2016/05/24/for-first-time-in-modern-era-living-with-parents-edges-out-other-living-arrangements-for-18-to-34-year-olds/>

4. <http://www.gallup.com/reports/189830/millennials-work-live.aspx>

5. <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/student-loan-aid.aspx>

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of respondents said that if an employer offered them such a benefit, it would be a deciding or contributing factor in their decision to accept the job.⁶

There is no question that the market for student loan repayment services is growing as managers see this as particularly attractive to their millennials.

With many of these programs just getting off the ground, they are taking many forms. Some employers offer monthly payments, others one-time lump sums, and some provide a benefit in the form of matching contributions. Associates at PwC are now offered up to \$1,200 per year and up to a total of \$10,000 towards their student loan debt.⁷ Fidelity Investments estimates that 25% of their employees have student loan debt and now offers them \$2,000 per year up to \$10,000 in total debt repayment.⁸

Although giving actual money to pay down their debt is still relatively rare, many companies are starting to offer educational resources and refinancing options, an approach that can be reasonably affordable. Student Loan Genius offers online tools and one-on-one counselling to help employees sort through 70+

repayment scenarios to help them determine the fastest way to pay down their debt. They like to call it "Turbo Tax for student loans."⁹ They ask a series of questions to help employees figure out if they qualify for consolidation or refinancing. About two-thirds of the students who've used this tool have changed their repayment strategy.

Note that payment by employers towards their employee's debt is currently considered income, so the employee must pay taxes on the benefit. Considering this, one unique approach that Student Loan Genius rolled out last year is a new platform allowing employers to match employee's student loan payments by making non-taxable contributions into their retirement accounts. Young employees like this, as they don't have to choose between paying off their debt and getting an early start on saving for retirement.

There is no question that the market for student loan repayment services is growing as managers see this as particularly attractive to their millennials. They see this as a benefit that would improve morale, productivity, and well-being while providing their company with a talent recruitment and retention advantage. **Perhaps it is a benefit advantage worth exploring. We would be happy to assist you.**

6. http://www.asa.org/site/assets/files/4743/life_delayed_whitepaper_2015.pdf

7. <https://www.pwc.com/us/en/careers/campus/why-pwc/employee-benefits.html>

8. <https://www.fidelity.com/about-fidelity/corporate/fidelity-enhances-employee-benefits>

9. <https://finance.yahoo.com/news/student-loan-repayment-could-2017-201848407.html>