



Employers have an opportunity to make a difference in the financial lives of employees who have student loan debt. (UBS)

Invest in your employees with student debt assistance

01 November 2022, 2:23 pm CET, written by UBS Editorial Team

Happy employees are productive employees, and financial wellness is a key aspect of a person's overall well-being. As pandemic-related student debt relief comes to a close, many borrowers feel unprepared, even those who qualify for federal student debt forgiveness. As an employer, you're in a unique position to help.

Student loan debt: A problem that isn't going away

Employees are looking for more support from the companies they work for as it relates to their overall well-being, according to the UBS Workplace Voice report [Benefits take center stage](#). 90% of millennials feel their company has a responsibility to help with their financial wellness, and almost half of employees across all ages think it's highly important for their employer to provide student loan assistance, in particular. Those companies that do, see more employee loyalty.

The fate of new legislation that aims to ease the student debt burden felt by Americans is in limbo. An appeals court ruling issued a temporary stay in response to an emergency motion brought by attorneys for several Republican-led states.

If the student debt forgiveness program does become a reality, it will be welcome news for federal student loan borrowers, but it will not solve the larger student debt problem. As borrowers transition back to making regular payments after the pandemic-related pause expires at the end of 2022, the Department of Education would like to provide up to \$20,000 in debt relief to Pell Grant recipients and up to \$10,000 in debt relief to non-Pell Grant recipients for borrowers with an individual income of less than \$125,000 or a household income of less than \$250,000, according to the [Federal Student Aid office](#).

"This one-time measure would be a sign of progress," says Laurel Taylor, CEO of Candidly. "But there will still be a substantial amount of debt left for many people. The average student debt of borrowers who use the Candidly platform is \$75,000 and the average relief of those users will be \$15,000. This leaves \$60,000 of debt that could take a decade to pay down."

Employers also have an opportunity to provide help that could make a difference in the financial lives of those employees with student loan debt. Many already offer student loan assistance for their employees, and this is not the time to scale back those programs, says Taylor. "This is the worst time to assume the issue has been taken care of," she says. "Repayments start up again in January, and 93% of borrowers* say they're not prepared to start making those payments."

Time for employers to step in

"Approximately four million Americans graduate college each year**, and those with federal student loans leave school with approximately \$36,000 in debt.*** This reinforces that the problem isn't going away. It's only going to get bigger, hence the need for more action and an opportunity for employers to step up," says Amy Bruce, Head, Financial Wellness Program Management at UBS. "Assistance with day-to-day challenges, like student loan debt, is important for employees because that's often what is holding them back from important life events or saving for retirement," she adds. "The average payment is \$500 per month, and with the federal student loan pause ending, this is a critical time for debt holders."

"Personal finances can be highly stressful, and that in turn can have a significant impact on overall well-being," says Bruce. "Help from employers with financial wellness allows people to bring their best selves to work."

How to help

Companies can begin to bridge the gap between what employees need and currently have when it comes to student loan debt thanks to an expanded IRS ruling that allows them to use existing education funds to help pay down student debt. Employer-provided student loan repayment is a tax-free benefit to employees under Section 127 of the Internal Revenue Code, [according to SHRM, the Society for Human Resource Management](#). Through 2025, employers can continue to make contributions of up to \$5,250 per employee annually toward student loan assistance without raising the employee's gross taxable income.

If you already have a 127 program, you'll need to amend it to take advantage of the expanded ruling, and those who don't have a 127 program can create one. For more information on this, see the fact sheet "Employees have invested in their education. Employers can invest in their future."

For information on how you can offer student debt benefits with Candidly via UBS, [visit Candidly's website](#).

Learn more about [UBS Financial Wellness program](#), which provides access to comprehensive student loan debt solutions that can be integrated easily and quickly into current benefits packages.

Main contributor: Kerry Breen

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business, that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information, please review the PDF document at ubs.com/relationshipssummary.

UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.

Review code: IS2206228

*[93% of student loan borrowers aren't prepared to restart payments, survey finds](#). CNBC, February 26, 2022.

**[National Center for Education Statistics](#)

***[Student Loan Debt Statistics](#). Education Data Initiative, July 29, 2022.

Important information

As a firm providing wealth management services to clients, UBS Financial Services, Inc is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures UBS provides to you about the products or services offered. For more information, please visit our website at www.ubs.com/workingwithus.

© UBS 2021. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.

There are two sources of UBS research. Reports from the first source, UBS CIO Global Wealth Management, are designed for individual investors and are produced by UBS Global Wealth Management (which includes UBS Financial Services Inc. and UBS International Inc.). The second research source is UBS Group Research, whose primary business focus is institutional investors. The two sources operate



For UBS marketing purposes

independently and may therefore have different recommendations. The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor. If you have any questions, please consult your Financial Advisor. UBS Financial Services Inc. is a subsidiary of UBS AG and an affiliate of UBS International Inc.