

# Driving Financial Wellness with a Student Loan Benefit

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## EXECUTIVE SUMMARY

The growth of student loan debt is impacting millions of employees and creating major challenges for employers as they manage recruiting, retention and engagement. Contribution platforms and refinancing programs are not the best solutions for either the employee or employer. Incorporating GotZoom into your benefit strategy costs the employer far less and delivers more relief for the employee by enabling federal student loan repayment and forgiveness programs.

## THE PROBLEM

Student loan debt has dramatically increased:

- Total debtors: 45 Million
- Total debt amount: \$1.4 Trillion (2017) – 2<sup>nd</sup> largest debt class
  - Hardest hit employee group: Millennials
- Student debt as a percent of wages:
  - 1990: 29%
  - 2016: 74%
- Student loan delinquency: 12% (doubled over last 10 yrs.)

## THE SITUATION

As the level of federal student loan debt has mushroomed so too has the number of affected employees. The financial burden is impacting the workforce in multiple ways. Key employee groups, such as Millennials, suffer the most.

- 46% of Millennial employees spend 3 hrs./week working on personal finance
- 80% of Millennial state student loans have an impact on their financial goals

Driving recruiting, retention and engagement is increasingly difficult for the employer. The benefit strategies that have served employers well are not relevant – particularly to younger employees.

- 54% of Millennials prefer a student loan benefit over a 401(k)
- 80% of Millennials will choose an employer offering a student loan benefit

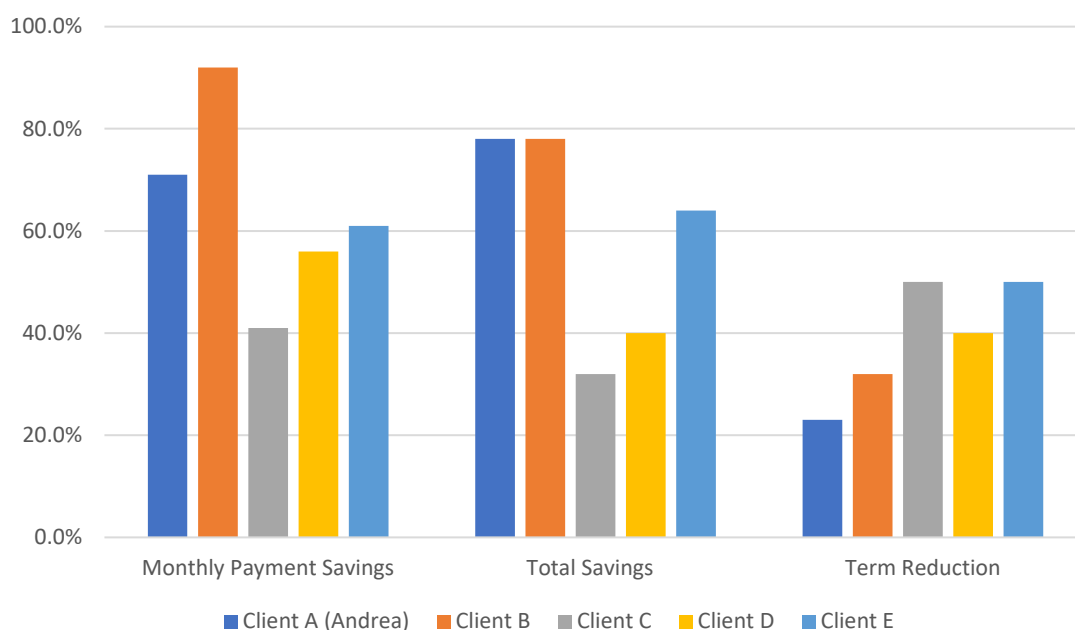
### Case in Point

Client A (Andrea) is a high-potential employee hired in Q1 2016. As a recent MBA graduate, she struggles each month to pay her student loans. This financial burden has caused Andrea to forego retirement savings, home ownership and other things. The stress impacts her productivity at work and while she feels her current employer is a good match she spends time on the weekends surfing job boards in hope of finding a position that pays more.

## THE SOLUTION

Offered as a financial wellness benefit, GotZoom identifies, enrolls and re-certifies an organization's employees into federal student loan repayment and loan forgiveness programs (federally subsidized) for which they are currently eligible.

Provided below are recent GotZoom case study metrics (April 2018).



### Call to Action

In March 2018, the Trump Administration provided \$350 Million of incremental funding to the Dept. of Education's (DOE) existing Loan Forgiveness budget. These incremental funds are available on a first-come, first-serve basis.

## CONCLUSION

GotZoom costs the employer less and delivers more benefit than either a contribution platform or debt refinancing program.

- Contribution platforms are expensive, long-term commitments with limited management support
- Student debt refinancing programs meet the needs of few employees due to increasing interest rates and declining approvals
  - Employees that do qualify to refinance their federal student loans as private debt must permanently relinquish all federal program benefits (current and future)

All employers looking to improve recruiting, retention and engagement need a student loan benefit that first leverages the federal student loan repayment and loan forgiveness programs offered by the Department of Education. No benefit provider has the required expertise and track record of GotZoom.

### Employer Benefits:

- Costs 63% less than competitive programs
- The positive associations that drive retention/engagement accrue to the employer

### Employee Benefits:

- 63% avg. debt reduction (2017)
- Immediate benefits:
  - Employees stop making monthly payments courtesy of a 60 to 90-day abatement period included in DOE programs
  - Reduced monthly payments begin with DOE enrollment
- All administration is managed by GotZoom for the employee including annual re-certifications (as needed)

## ABOUT THE COMPANY

- Focus: GotZoom specializes in only federal student loan repayment/forgiveness
- Serving the mass market: 82% of all student loans are federal (originated by the DOE)
- Consistency: seven-year history
- 18,000 Active Clients