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Student loan debt impacts financial wellness

In a recent TIAA survey on student debt:³



79% of respondents made life decisions or career plans based on student loan debt



57% have at least \$50,000 in debt



24% have more than \$100,000 in debt

Boston Medical Center case study

A projected \$67K per employee in student loan forgiveness¹

Student debt is more detrimental to achieving financial wellness goals than ever before.

Today, outstanding student loan debt totals more than \$1.86 trillion for an estimated 44.7 million Americans—with the majority (42.3 million Americans) holding federal student loan debt.² Over the last decade, the number of people with student loan debt has increased by an average of one million people per year. The pandemic continues to make this a growing challenge among those struggling with additional costs, losses and complications.²

“You tend to think of student debt as something affecting people in their 20s and 30s,” says Kerry Ryan, Benefits Director at Boston Medical Center (BMC). “As a hospital, we tend to have an older employee population, so it wasn’t something I was thinking about. It was really eye-opening to find out how broad an issue it is, and how many people—including parents—are impacted by it.”



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Remove barriers to saving for long-term goals

The priority for BMC is to help its employees achieve a better state of financial wellness, eliminating debt and building savings toward milestone events and retirement.

Providing meaningful debt relief solutions can benefit both employers and employees. Employees who have participated in employer-sponsored financial wellness programs are twice as likely to report a high financial wellness rating as those who haven't participated. If given an additional \$200 per month, nonretired Americans would put an average of 60% toward their retirement savings.⁴ Financial wellness programs can also help employers recruit and retain employees, a critical need for healthcare employers.

Student loan forgiveness programs are available for employees in public service and nonprofit sectors, but are infamously difficult to navigate; only 2.1% of nonprofit and public service worker applications have been successfully approved.⁵

If applicants don't complete recertifications correctly, they won't remain eligible, making financial stability and wellness an even more remote possibility. But a decision by BMC to implement a program with social impact technology startup Savi (as part of the suite of services by TIAA) put student debt relief within reach for employees.

Educating employees, simplifying the process

TIAA works with Savi to make it easier for nonprofit employers to offer meaningful student debt relief solutions to their employees. Savi's solution is designed to help employees find the most savings on their student loans, whether through their repayment plan or Public Service Loan Forgiveness (PSLF), and take the stress and guesswork out of the process. After getting their free estimate, many BMC employees choose Savi's Essential service, which eliminates the complexities of navigating federal programs by offering tools to automate challenging paperwork, access custom support, and receive ongoing monitoring.⁶ This concierge service helps borrowers sidestep common—and not-so-common—errors, and stay in compliance.

Projected loan forgiveness for BMC employees:¹

- \$131 average per month saved
- \$67,681 average projected loan forgiveness per employee
- \$27 million in student loan debt eliminated

TIAA and Savi program:

- **Available to all employees** and their family members
- Income-driven repayment plans **lower monthly payments** to provide immediate relief
- **Online tool** provides analysis of loan repayment and forgiveness options across more than 150 state and federal programs
- **Savi Essential service** assists with submission and administration for applicants, and monitors for new benefits⁶

Communication is critical

TIAA works to encourage employees to use the student debt relief service through a comprehensive outreach across different channels. Using the communications toolkit provided by TIAA, the strategy includes:

- Enrolling in TIAA campaigns to augment promotion of the Savi service to plan participants
- Participating in wellness fairs with a tent dedicated to financial well-being and debt management
- Publicizing Savi's bimonthly webinars to further educate employees about policy updates and services

Simplicity from sign-up

Employees answer a few simple questions, and the Savi tool identifies their potential savings with an IDR plan, then determines whether the student loan borrower may qualify for a forgiveness program. The Savi algorithm takes into account an individual's specific circumstances—including a family's financial and tax situation—and suggests a solution that best fits their needs. Savi's customer success team is available to answer questions and act as an advocate.

“TIAA and Savi understand the PSLF program and how it works at our institution, and have an easy-to-follow process for employees to sign up and use it. The one-on-one advice really helps people to make that decision to move forward. People are excited about the program, and encourage their colleagues to sign up.”

*Kerry Ryan,
Benefits Director at BMC*

Significant forgiveness starts immediately

BMC employees have achieved significant progress toward savings and retirement plan goals with decreased monthly payments through an IDR plan, and eligibility for tax-free forgiveness of the remaining balance after 120 payments. This can be especially crucial for healthcare professionals, such as doctors and nurses, who tend to carry higher amounts of student debt. With a heightened level of urgency throughout the pandemic around staffing healthcare professionals, providing solutions that include loan forgiveness programs can also help with attracting and retaining these essential employees.

Employers such as BMC, for their part, enjoy easy implementation and increased employee retirement plan participation. They also become more attractive to prospective employees, and potentially experience better retention of existing ones.

¹ Savi Solutions PBC, as of 12/31/2021. These estimates may not be typical of all participants.

² Hanson, Melanie. “How Many People Have Student Loans?” EducationData.org, 8/11/2021. [educationdata.org/how-many-people-have-student-loans](https://www.educationdata.org/how-many-people-have-student-loans).

³ TIAA 2021 Nonprofit Student Debt Survey, November 2021.

⁴ TIAA 2022 Financial Wellness Survey, January 2022.

⁵ Public Service Loan Forgiveness Data, US Department of Education, October 2021.

⁶ Savi Essential is an optional service. The fee is \$60 for the first year and \$75/year thereafter.



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