Nearly 9 Out Of 10 College Students With Student Debt Say It's Important To Find A Company That Offers Loan Relief

- The YouGov-Abbott Student Loan Impact Survey shows 87% of those in college or graduating this year with student debt say finding a company with a student loan benefit is important to them

- Additionally, over 6 in 10 working adults with student loans would consider switching to a company with a student loan employee benefit

ABBOTT PARK, Ill., May 15, 2019 /PRNewswire/ -- Student loan debt – affecting 1 in 4 Americans and topping $1.5 trillion – is one of the most pressing concerns of students graduating college this spring.

Nearly 70% of graduates today have taken out a loan – and a recent survey of college students shows that 9 out of 10 of them are on the hunt for a company with a student loan perk. The survey of 2,594 U.S. adults by YouGov on behalf of Abbott (NYSE: ABT), the global health technology company, also revealed:

- 62% of employed adults with student loans would consider switching companies to gain a student loan relief employee benefit
- 64% of all adults with student loans say finding a company that offers a student loan benefit is important
- 42% of adults with student loans aren't saving for retirement due to their student loans, including almost half (48%) of people with student debt ages 18-34 and over a third (34%) of those 55 or older
- 70% of Black and 76% of Hispanic Americans with student loan debt say finding an employer with a student debt employee benefit is important – almost half of each group (49% and 47% respectively) say it's "very important"

"We've already had people join our company because of this student loan benefit since launching it last year," said Steve Fussell, executive vice president of Human Resources, Abbott. "We knew student loans were weighing on our employees, and on the minds of candidates, but what we learned through this survey is this issue matters even more than we knew."

A Recent Grad's Perspective

Harvir Humpal, 24, joined the company in Pleasanton, Calif., late last year as a development quality engineer. While he had his pick of companies to choose from (he received three offers from medical device companies after graduating with his master's in biomedical engineering), he chose Abbott in part because it offered a benefit to help him pay off his nearly $60,000 in student loans about four years faster, saving more than $7,000 in interest – while also saving for retirement.

"It helped me understand that Abbott really cares about new graduates and appreciates that this is a systemic issue," Humpal said. "A lot of my friends also have between $10,000 and $100,000 in student loans, which affects every aspect of our lives."

Abbott's Freedom 2 Save program enables Humpal and hundreds of other employees to divert the 2% minimum contribution they'd normally have to contribute to their 401(k) accounts to receive a 5% match to pay off their loans faster. When they show that they're using at least 2% of their eligible pay to whittle down loans, the company kicks in with a 5% contribution to their 401(k) accounts – without them having to contribute a dime.

An Employee Who Switched

Shannon Ramirez, 42, one of Abbott's learning and development supervisors based in Minnetonka, Minn., didn't go to college right away when she was younger, but after her son was born in 2009, she was inspired to start chipping away at classes to earn her organizational leadership degree. Along the way, she's picked up more than $50,000 in student loans.

Abbott's Freedom 2 Save benefit and tuition assistance program are big reasons why she decided to leave her recruiting firm and join Abbott. Tack on meaningful work helping employees navigate new jobs, and she said she hopes to have a long career at Abbott.

"I heard about Freedom 2 Save through an article on LinkedIn and immediately thought 'Oh my gosh this could change my life,'" Ramirez said. "I put my heart and soul into everything I do, so to have my commitment to education clearly valued by Abbott makes me proud to be here and even more motivated to keep going."

Better than Cash – an Investment in Employees

Employees with $40,000 in debt would pay off their loans, on average, three years sooner by diverting an additional 2% of their eligible pay towards debt repayment. If they used Freedom 2 Save for 10 years, with a starting salary of $70,000 (and 3% annual merit increases and 6% market return), they would also accumulate about $54,000 in their 401(k) plan account, without making any contribution of their own.

About 4% of companies today offer a cash reward to help employees with student loans – and one-third of employers are expected to follow suit by offering some type of student loan debt program, according to the Employee Benefits Research Institute.

"Companies cite a number of reasons, but the top ones are employee retention and reduced employee stress," said Lori Lucas, president and CEO of the Employee Benefit Research Institute.

Abbott found its structure to be more valuable for employees than cash rewards in the long run because the investment is worth

more over time, as it grows tax-deferred.

"The program pays for itself," Fussell said. "Our employees are happier, more engaged, more productive and they stay longer. That's good business."

YouGov Methodology:
The total sample size was 2,594 U.S. adults aged 18 and older. The responding sample is weighted to the profile of the sample definition to provide a representative reporting sample. Interviews were conducted online in December 2018.

About Abbott:
Abbott is a global healthcare leader that helps people live more fully at all stages of life. Our portfolio of life-changing technologies spans the spectrum of healthcare, with leading businesses and products in diagnostics, medical devices, nutritionals and branded generic medicines. Our 103,000 colleagues serve people in more than 160 countries.

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