Ninety-One Percent Of Young Adults With Student Loans Say Financial Stress Is Impacting Their Wellness -- Abbott Launches Blueprint Of Award-Winning Program To Help Companies Tackle This Problem

- New survey by Morning Consult on behalf of Abbott shows student loans are having a profound and far-reaching impact on young adults and their planning for the future
- 91% say financial stress is impacting their mental, physical wellness and student loan debt is a key driver of this financial stress
- 94% are interested in a workplace benefit in which they get an employer-provided 401(k) contribution as they pay off their school loans
- Abbott's new blueprint of its award-winning Freedom 2 Save program helps companies create a proven student loan benefit program for their people

ABBOTT PARK, Ill., Oct. 26, 2023 /PRNewswire/ -- Ninety-one percent of young adults with student loans are so stressed about money they say it's impacting their physical and mental wellness, according to a new survey by Morning Consult on behalf of Abbott (NYSE: ABT). A key driver of that financial stress is student loan debt.

In 2018 Abbott tackled the student debt crisis head-on with its first-of-its-kind, award-winning Freedom 2 Save program that helps employees pay off their student loans while also saving for the future.

Now — with college tuition at a historic high, student loan debt exceeding$1 trillion and payments of federal student loans resuming after a more than three-year pause — Abbott is encouraging other employers to join in this effort with the launch of the Freedom 2 Save blueprint.

The blueprint guides employers through the process of developing and implementing a benefit like Freedom 2 Save.

Enacting this type of program will be easier starting inJanuary 2024, thanks to a new federal law called the SECURE 2.0 Act, a provision of which was inspired by Freedom 2 Save. No longer will employers have to receive a private letter ruling from the IRS like Abbott had to do when creating the Freedom 2 Save program.

"Employees with student loans often have to choose between paying their school debt and saving for retirement. That's problematic because people who delay saving for the future will find it hard to catch up," said Mary Moreland, executive vice president, Human Resources, Abbott. "The good news is that employers can help relieve some of this burden with a program like Freedom 2 Save. Our blueprint will help simplify the process."

IMPACT OF STUDENT LOAN DEBT

Tens of millions of U.S. borrowers collectively owe$1.57 trillion in student loans, making them thethird-largest form of consumer debt after mortgages and auto loans.

This student loan debt is having a profound and far-reaching impact on young adults, according to the Morning Consult survey of more than 500 people ages 18-39 with student loans. The data reinforce the need for workplace programs that help tackle the student debt crisis.

In fact, 94% of young adults with student debt expressed interest in an employer-provided 401(k) contribution as they pay off their school loans.

Other key findings among those surveyed:

- 86% are concerned about having to resume federal student loan payments this month.
- 63% didn't pay their federal student loans at all during the three-year pause.
- And for 46%, student loans have impacted how much they contribute to their retirement plans.

Among those whose retirement savings has been impacted by student loan debt:

- 86% have reduced the amount of money they contribute to their retirement account.
- 55% stopped contributing to their retirement plan.
- And 44% have withdrawn money from their retirement account.

"As the number of people with student loans grows, employees will increasingly be looking for companies to offer student loan repayment solutions that help them forge their financial futures," said Stacey MacPhetres, senior director, Education Finance, Bright Horizons EdAssist Solutions. "This is a workplace benefit that employers need to seriously consider if they want to attract and retain key talent."

AN EMPLOYEE'S PERSPECTIVE

When Cynthia Chan, a supply chain logistics planner in Abbott's vascular business, was job hunting, Freedom 2 Save was one of the factors that drew her to the company.

"I accumulated about $15,000 in student debt after earning my master's degree in chemical engineering and had no idea how I'd be able to pay my loans and save money for my future," said Chan. "Freedom 2 Save lifted that weight off my shoulders. I've paid off nearly $5,000 while also saving for retirement, and can now see a time in the near future when I'll be free of this debt."

For those who choose to take advantage of Abbott's innovative program like Chan, here's what it could look like:

Employees who join Abbott in their early 20s with starting annual pay of $70,000 and take advantage of this program could see $48,000 accumulate in their 401(k) accounts after 10 years, assuming a 5% annual return and yearly merit pay increases of 2% — without any 401(k) contribution of their own. That amount could be worth hundreds of thousands of dollars in additional retirement savings by age 60.

"Our people have invested a lot in their education, and we don't want that to keep them from saving while they're still young," said Moreland. "We encourage other companies to download our blueprint and join us in this effort. Together we can help employees take on student loans and savings."

About Freedom 2 Save:
Through Freedom 2 Save, employees who are eligible for the company's 401(k) and who apply at least 2% of their eligible salary toward paying down a qualifying student loan will receive a 5% company contribution into their Abbott 401(k) annually. Employees don't have to put any money into their 401(k) to get this company contribution. Abbott was named to *Fortune* magazine's 2023 "Change the World" list for Freedom 2 Save, and the company was recognized by *Pensions & Investments* with an Innovation Award for the program. Freedom 2 Save was also featured in an essay in the book "The Future of Building Wealth: Brief Essays on the Best Ideas to Build Wealth — for Everyone," published by the Federal Reserve Bank of St. Louis in partnership with the Aspen Institute's Financial Security Program.

About the SECURE 2.0 Act:
Thanks to a provision in the SECURE 2.0 Act that was inspired by Freedom 2 Save, employers will be able to match student loan payments made by their employees with tax-advantaged contributions into their retirement accounts starting in January 2024.

Morning Consult Methodology:
The total sample size was 501 U.S. adults aged 18-39 who have continued with some form of education after high school, have existing student loan debt and live in a major U.S. market. The responding sample is weighted to the profile of the sample definition to provide a representative reporting sample. Interviews were conducted online in September 2023.

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 115,000 colleagues serve people in more than 160 countries.

Connect with us at www.abbott.com, on LinkedIn at www.linkedin.com/company/abbott-/, on Facebook at www.facebook.com/Abbott and on Twitter @AbbottNews.

SOURCE Abbott

For further information: Abbott Media: Christine Moyer, (847) 345-0321

Additional assets available online: Photos