

# Debt Perception

Workforce Magazine

With student loan debt on the rise, many employers consider voluntary benefit offerings.

Forget dogs in the office and free lunches, and put unlimited time off on permanent vacation. What the millennial workforce really needs is a way out of debt. And employers willing to help will attract the talent.

According to the Project for Student Debt, the average college student graduated with \$28,950 in debt in 2014. Based on current projections by One Wisconsin Institute, a nonprofit organization that conducts research on student loan debt, it will take 21 years or so to repay this amount.

While the price of college tuition has long been a political issue, it is rapidly becoming an area of concern for employers looking to attract and hire talented, but indebted, college students.

“We’re seeing a spike in concern over student loan debts among employers,” said Amy Hollis, a national voluntary benefits practice leader at Willis Towers Watson. “Employers are noticing more and more the impact of the financial drain and emotional strain on employees who are carrying an enormous amount of student loan debt.”

While Hollis said more employers are inquiring about ways to help employees pay off their debts, few have put that advice into practice. A recent Society for Human Resource Management study found that, of 460 HR managers surveyed, only 3 percent were currently helping employees manage student loan debt payments.

The greatest roadblock is indecision, Hollis said. And it comes from too many choices. Some companies, such as PricewaterhouseCoopers, are planning to give some employees up to \$1,200 a year for six years to put toward their student-loan debt. Software-maker Kronos Inc. will pay employees up to \$500 a year toward student loan debts for as long as they need it.

“The practice needs a lot of vetting,” Hollis said. “There is currently a lot of energy being put into that space as an employer-sponsored voluntary benefit.”

One way employers are approaching the issue is through payroll deduction programs, said Heather Prohaska, vice president of marketing partnerships at BenefitHub. Employers can create a system where payroll automatically deducts a pretax student loan payment from their paycheck.

As with any program, employers should first evaluate their employee population before instituting such a plan, Hollis said.

“If you have a diverse population that includes many millennials or recent college graduates, voluntary benefits have proven to be a great way to meet their needs without having to spend additional money on the plan,” Hollis said.

