

WEBINAR #5

STUDENT DEBT BENEFITS PROGRAMS FOR EMPLOYERS



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Student Debt Benefit Program

Helping employees pay off student debt faster while giving **you** the edge in the battle for talent



Agenda

The impact of student debt

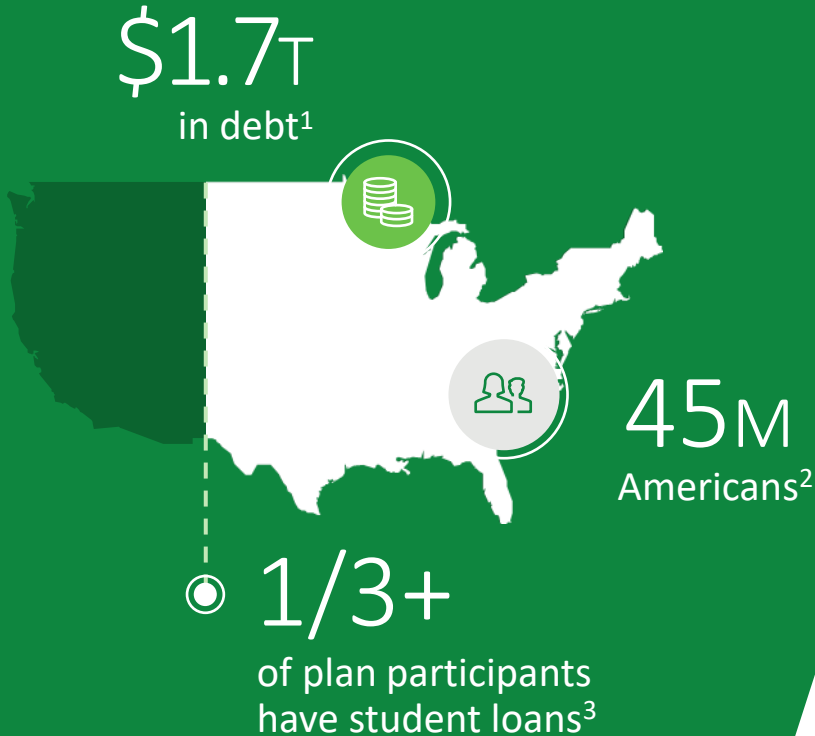
Fidelity's student debt program

Participant experience

Getting started

Student debt stretches across entire workforces

It's a nationwide problem



Affecting all generations⁴

	Boomers	Gen X	Millennials	Gen Z
Avg. loan balance	\$57K	\$52K	\$47K	\$26K
Avg. monthly payment	\$600	\$480	\$490	\$441
Avg. interest rate	6.2%	5.4%	5.3%	4.4%
Avg. number of loans	2.2	2.6	3.8	2.2

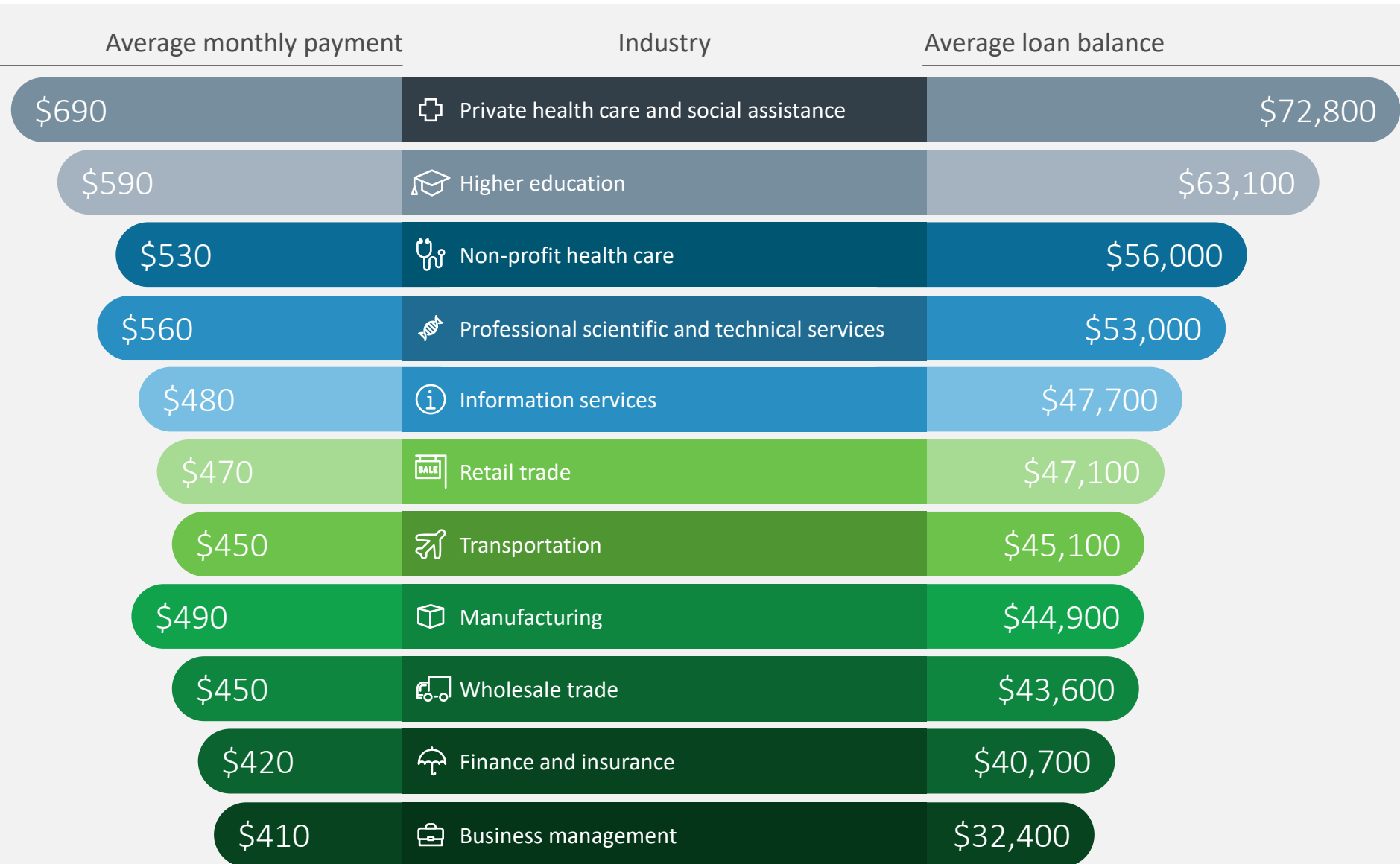
1 www.federalreserve.gov/releases/g19/current/default.htm

2 Forbes.com

3 Fidelity Plan Participant Survey.

4Based on self-reported student debt information from individuals using Fidelity's Student Debt Tool. As of December 31, 2020

Which industry pays the most on average in Student Debt?

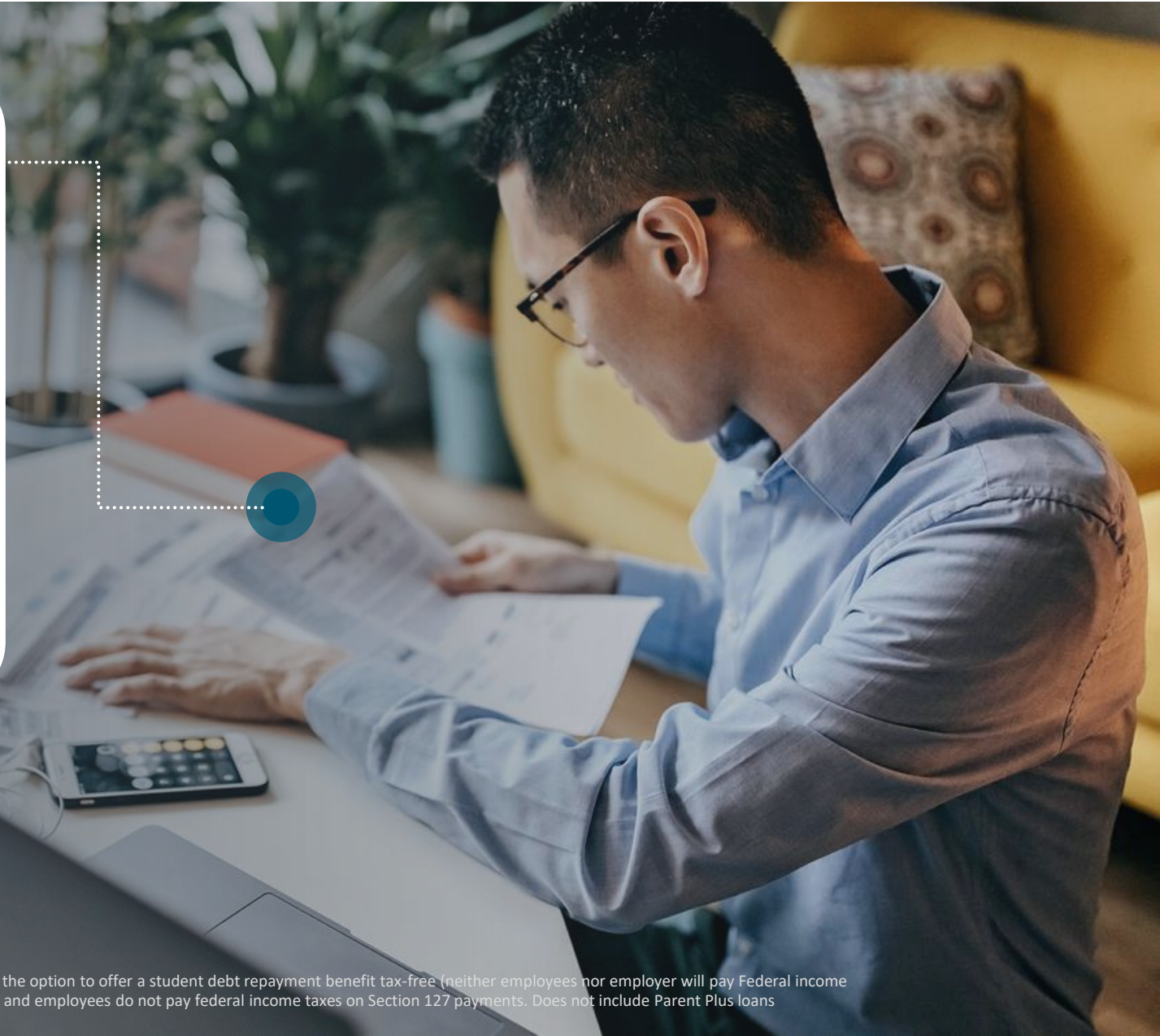


The CARES Act and student loan repayment provision extension

The tax-free student debt repayment benefit

Up to \$5,250 tax-free annually per employee¹ through 1/1/26

Only applicable to direct payment student debt benefit designs (e.g. Fidelity's Student Debt: DirectSM program) and does not include Parent Plus loans.



¹The CARES Act enacted on March 27, 2020, gave employers the option to offer a student debt repayment benefit tax-free (neither employees nor employer will pay Federal income taxes). Employers are not required to pay FICA or FUTA taxes and employees do not pay federal income taxes on Section 127 payments. Does not include Parent Plus loans

Student debt hampers the ability to save

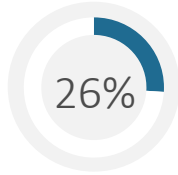
Women & people of color are most impacted by debt and pay inequity

Corporate Scorecards are driving Diversity & Inclusion Programs

Student debt & giving benefits directly impact D&I, retirement & wellbeing



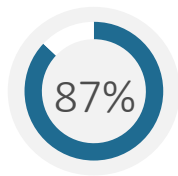
2/3 of the country's student debt is held by women¹



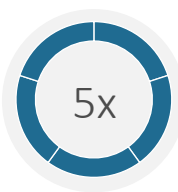
Women are paid **26% less** than male graduates²



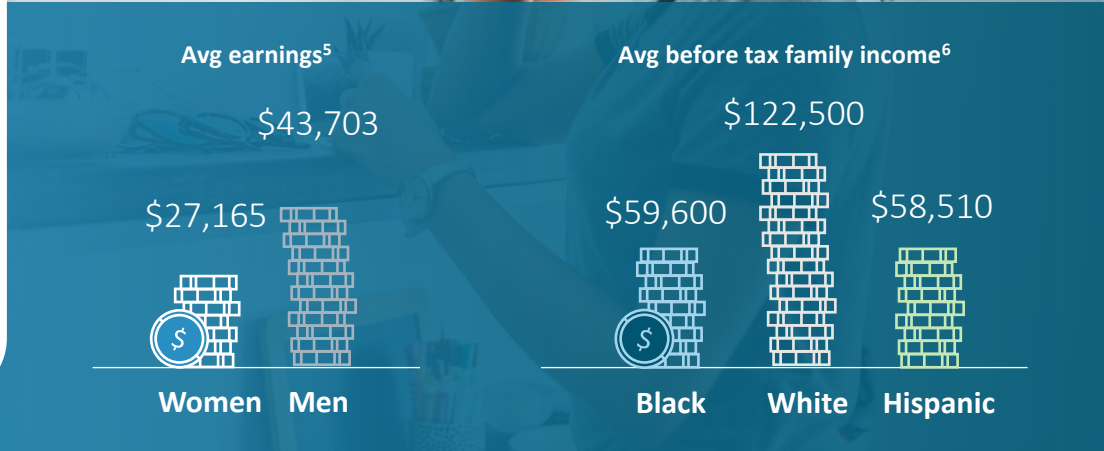
Women are considering leaving the workforce³



87% of black students borrow vs. 60% of white counterparts and tend to have **higher debt amounts and higher interest rates**⁴

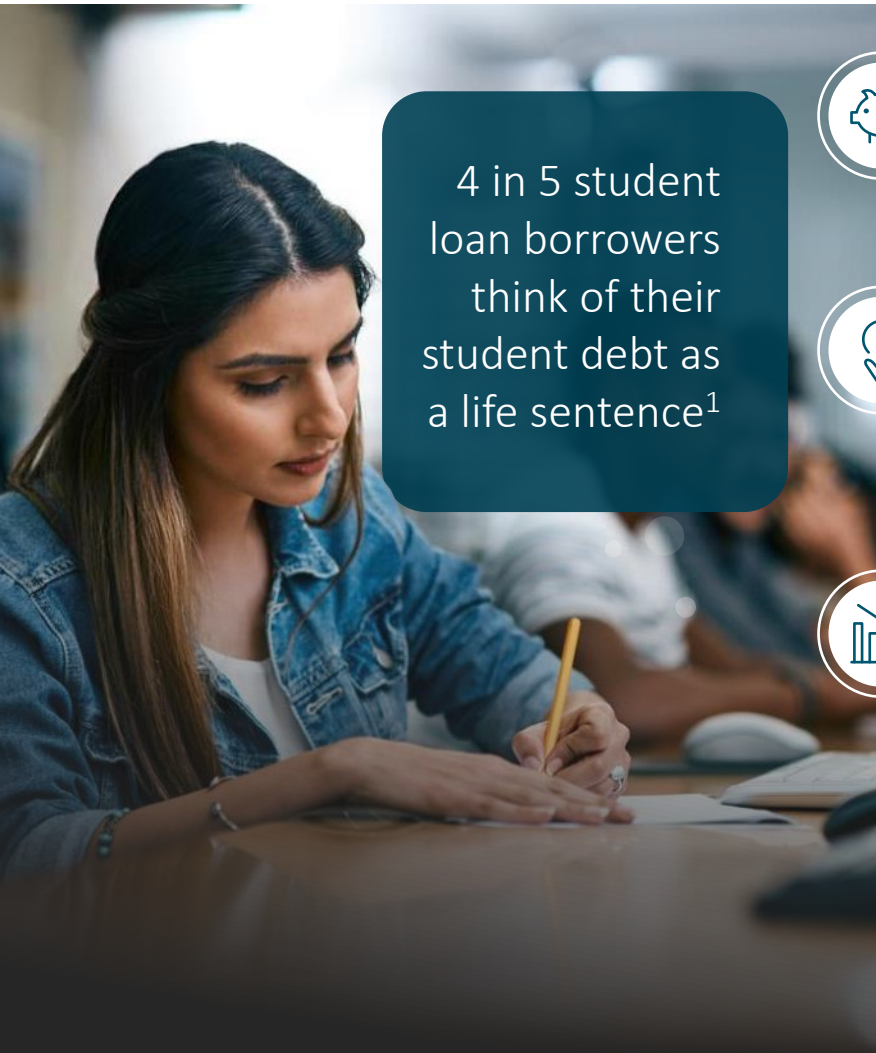


A borrower in a 90% minority neighborhood is **5x times more likely to fall behind** on their student loans⁵



American Association of University Women, "Deeper in Debt: Women and Student Loans," 2020. 2 <https://www.payscale.com/data/gender-pay-gap> 3. McKinsey & Company, "Women in the Workplace," September 2020. 4. <https://www.businessinsider.com/how-americas-student-debt-crisis-impacts-black-students-2019-7> 4. <https://protectborrowers.org/new-report-finds-severe-racial-disparities-for-student-loan-borrowers-across-american-cities/#:~:text=Further%2C%20a%20borrower%20in%20a,borrower%20in%20the%20whitest%20areas.> 5. Calculations done using 1987 – 2020 Annual Social and Economic Supplements, Current Population Survey, U.S. Census Bureau. 6. U.S. Federal Reserve Board, Survey of Consumer Finances. Based on latest available data from 2019

Resources to help your employees navigate the college life event



4 in 5 student loan borrowers think of their student debt as a life sentence¹



Saving for college

529 plans and tools

Payment forecasting tools



Choosing a college

College planning

Tools to help choose and pay for college



Paying off college

Debt management

Student debt employer contribution

Student debt tool





Student loan refinancing through Credible²

¹Splash Financial Student Debt Survey November 1, 2019.

²This bonus offer from Credible is only available when following a link to Credible from Fidelity websites and is not available to residents in every state. Bonuses may be considered taxable income. Other terms and conditions may apply—see Credible’s website for full details. Residents of California; Connecticut; Louisiana; Maine; Massachusetts; Nevada; New Hampshire; New Jersey; New Mexico; North Dakota; Ohio; Pennsylvania; Rhode Island; Tennessee; Washington, DC; West Virginia; Wisconsin; and Vermont are not eligible for the bonus. Credible and Fidelity Investments are independent entities and are not legally affiliated

Fidelity's Student Debt Program

Flexible solutions to help you – help your employees tackle student debt

	 Direct	 Retirement
Description	Employer makes direct payments to employee's student loan	Employee's student debt payments trigger Employer contribution to retirement account
Example	\$100 per month \$10K cap most	Employee earns the full 401(k) match (\$1,000)* if they pay ≥ \$1000 in student loans
ERISA impact	No. Customizable eligibility contribution amounts	Yes. Contributions must follow existing plan rules.
Tax impact	Taxable & tax-exempt options (CARES Act ¹ tax-exempt Tuition Reimbursement/SD Repayment, \$5,250 combined cap)	Tax-exempt
Why this option	 Modernizes Tuition Reimbursement Program Greatest impact on loans	 Budget friendly Builds employee's retirement Can apply forfeiture account

*Assumes 2% match on \$50,000
 1. CARES Act Tax-Exempt status extended IRC-Sec 127 through January 2026 for the inclusion of Student Debt Repayment.

[Click here for consolidated video](#) with narration covering all the above student debt benefit designs options.

The power of integration

Planning, retirement and wellness all in one place with a benefit that makes an impact



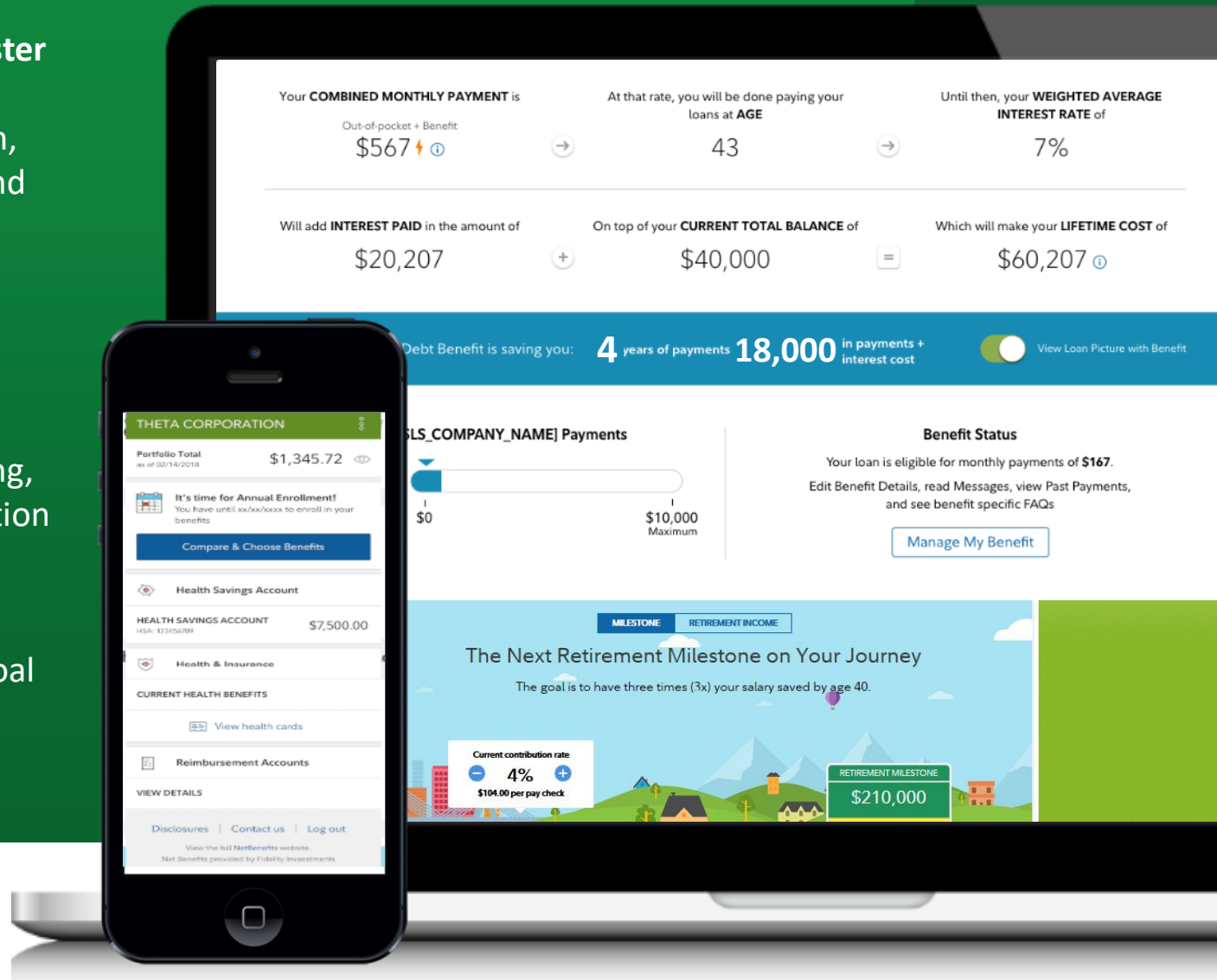
Paying off college faster through Employer Contribution Program, Student Debt Tool, and Refinancing Service



Choosing college with College Savings Calculators, College Admissions Counseling, College Cost Preparation

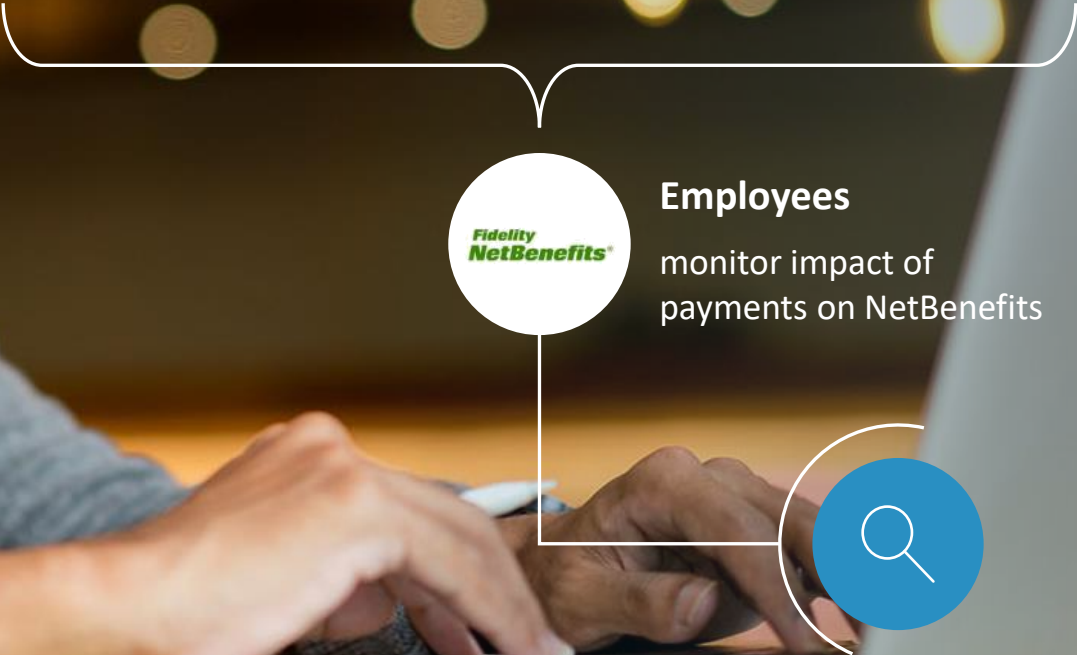
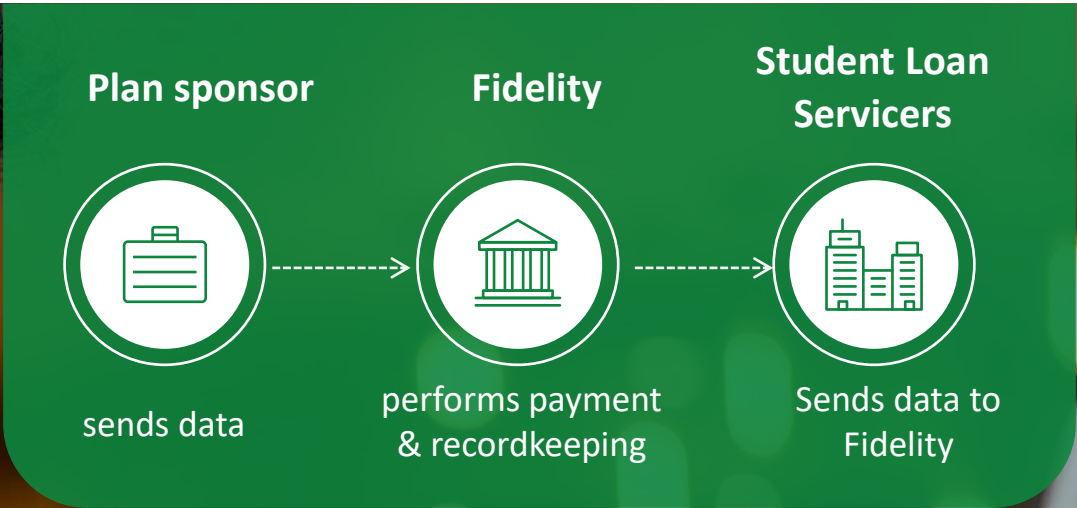
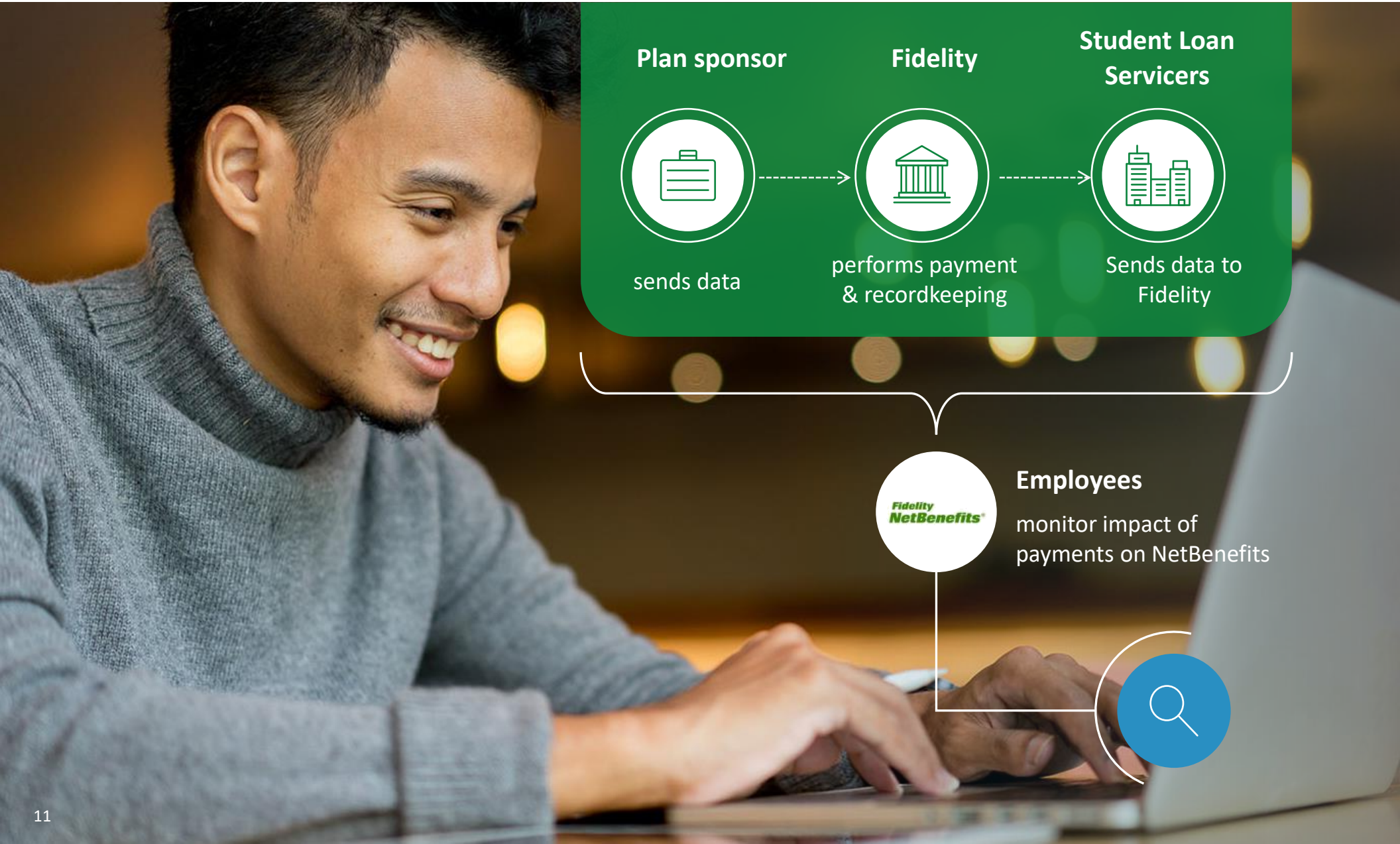


Saving for college with 529 plans and goal planning tools



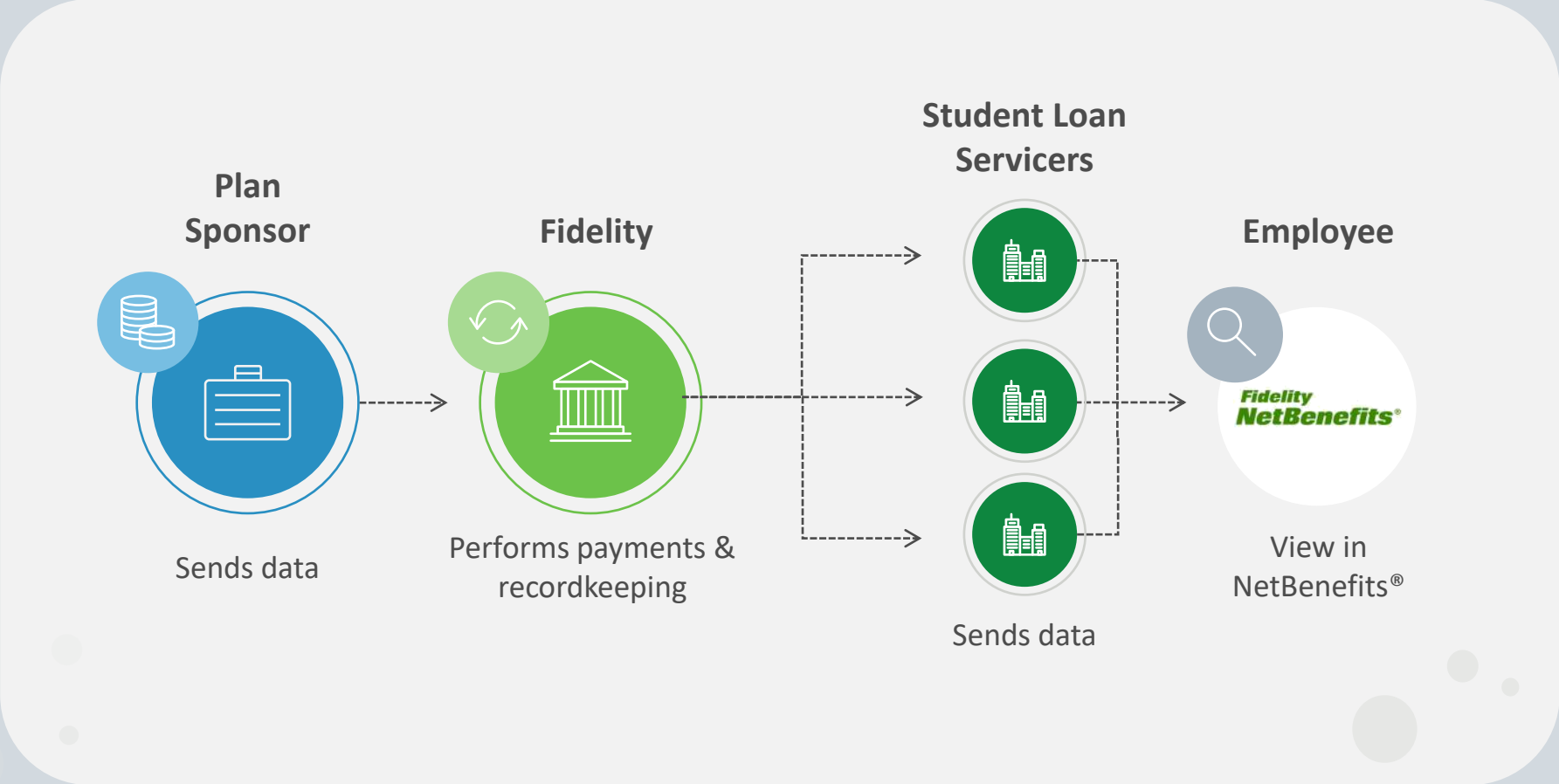
Coordinating an integrated experience

How to modernize your plan benefits



Coordinating an integrated experience

How it works - Direct



Important Information



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Upcoming Webinars

- ▶ March 17th 11:00am - Tax Strategies
- ▶ April 12th 11:30am - Women in Power: Strategies for the Female Business Owner
- ▶ May 12th 11:00am - Medicare Demystified



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