5 WAYS STUDENT LOAN DEBTS AFFECT OLDER EMPLOYEES

Many businesses and Americans believe that only younger employees have problems repaying student loan debts. But research shows that older workers also are burdened with student loans. These debts are significantly impacting their lives well into retirement. Review five ways student loan debts affect older employees.

1. Struggling with loan payments

Studies show that workers over age 60 owe nearly 72% of student loan debt, or about $229 billion. That amounts to nearly $33,000 for each person. The debts combined represent the largest age group of people with student loan debts.

Many older employees took out student loans for professional training or degrees. But in many cases, the money they invested did not lead to a job with a higher salary to balance out the cost.

Other seniors signed for loans to help their kids or grandkids with college tuition expenses. And many admit that they didn't consider how the monthly loan payment would impact their budget, or how long they'd have to pay on the loans.

2. Making sacrifices

To pay off student loans, senior employees are cutting expenses. They are reducing the amount spent on home and car repairs, transportation, medications, health needs, and groceries. They also struggle to meet financial commitments to care for their families.

In the past 25 years, bankruptcy among older employees has increased by 204%. But defaulting on a government loan does not eliminate the debt. Late fees and service charges are added to the balance, increasing the amount they owe.

3. Dealing with government garnishment

About 40% of employees over age 65 with student loan debts are in default. Older employees who default on student loan debts may cause the government to garnish tax refunds, federal payments, and social security benefits.

4. Using retirement savings

As a result of student loans, many senior employees don't have the funds to retire. They are withdrawing money from their retirement savings and borrowing against their 401(k) plans. They are working past age 65 while watching other senior employees enjoy retirement. About 52% of older workers say their student loan debts prevent them from reaching their financial goals and affect their quality of life.

5. Living on credit cards

In addition to working longer to pay off student loan debts, older employees are using credit cards and taking out personal loans to cover living expenses. Most do not have extra money to cover unexpected health or living expenses.

How employers can help

Most employers want to ease employees' financial worries by helping them pay off student loans, but they aren't sure how. One easy way employers can assist employees is to offer Employee Choice. This is a student loan repayment benefit offered exclusively by BenefitEd. It's designed to use funds employers already have set aside for 401(k) matching contributions. Since many employees don't take advantage of these match funds, employers can use the money to help provide student loan payment relief for employees.

Learn how to put BenefitEd and Employee Choice programs to work for your employees by visiting www.youbenefited.com, calling 844-358-5707, or emailing support@youbenefited.com.

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