Student Loan Relief and Tuition Reimbursement
Trends & Case Studies

According to a study by EdAssist, more than 60% of employers offer some form of tuition assistance or tuition reimbursement. In another survey by the International Foundation of Employee Benefit Plans in 2016, approximately 83% of organizations surveyed provided educational assistance or tuition reimbursement to their employees. Almost 75% of organizations in that survey report their educational assistance offerings are successful. Forty-five percent of programs were successful in retaining current employees, 44% kept employees current on evolving skill sets required for the organization, 39% maintained/increased employee satisfaction and loyalty, 16% said the benefit helped attract talent, and 13% saw increased productivity and innovation.

With tuition costs rising 6% annually — and the price of a degree potentially reaching $500,000 by 2035 — tuition reimbursement benefits can go a long way in attracting today’s job seekers. A survey by EdAssist found 60% of respondents would pick a job with strong potential for professional development over one with regular pay raises. One in two millennials said they expected an employer’s financial support in paying for further education.

On average, 5% of employees participate in employer tuition reimbursement benefits. In most cases, to receive tuition assistance, students must maintain a minimum grade-point average, complete a required amount of coursework, and have been employed with their respective company for a certain period of time. In most cases, employees receive up to $5,250 for undergraduate programs and $8,000 for graduate programs. Any benefit beyond that is taxed as additional income.

In many cases, employees can attend the college of their choice. But single partnerships are growing more common, with that model followed by Fiat Chrysler, Starbucks, Anthem Blue Cross, and Jet Blue.
The Working Mother Media, 100 Best Companies for Working Mother 2017 Survey details the benchmarking from the top companies.

### Benefits

<table>
<thead>
<tr>
<th>Tuition Reimbursement</th>
<th>100 Best Average</th>
<th>Top 25 Average</th>
<th>Top 10 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.19: Does your company offer tuition reimbursement specifically for employees?</td>
<td>Y = 98%</td>
<td>Y = 100%</td>
<td>Y = 100%</td>
</tr>
<tr>
<td>D.19: Please indicate which of the following employee groups have access to tuition reimbursement:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time employees (who work enough hours to qualify for benefits)</td>
<td>84.0%</td>
<td>84.0%</td>
<td>90.0%</td>
</tr>
<tr>
<td>Full-time, non-exempt employees</td>
<td>95.0%</td>
<td>92.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Full-time, exempt employees</td>
<td>98.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>D.20: Is tuition reimbursement unlimited?</td>
<td>Y = 16%</td>
<td>Y = 16%</td>
<td>Y = 10%</td>
</tr>
<tr>
<td>D.21: What was the maximum eligible amount of tuition reimbursement available per employee for graduate programs?</td>
<td>11,837</td>
<td>25,031</td>
<td>29,688</td>
</tr>
<tr>
<td>D.22: What was the maximum eligible amount of tuition reimbursement available per employee for undergraduate programs?</td>
<td>6,322</td>
<td>6,375</td>
<td>6,719</td>
</tr>
<tr>
<td>D.23: What was the maximum eligible amount of tuition reimbursement available per employee for skill-building or other non-degree-related programs?</td>
<td>5,027</td>
<td>7,281</td>
<td>8,709</td>
</tr>
<tr>
<td>D.24: What was the average dollar amount reimbursed per employee who took advantage of tuition reimbursement in the past year?</td>
<td>6,968</td>
<td>14,151</td>
<td>18,201</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Student Loan Assistance</th>
<th>100 Best Average</th>
<th>Top 25 Average</th>
<th>Top 10 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.25: Do you offer student loan refinancing or forgiveness to employees?</td>
<td>Y = 23%</td>
<td>Y = 32%</td>
<td>Y = 40%</td>
</tr>
</tbody>
</table>

While tuition reimbursement benefits are on the rise, helping employees repay their existing student loans is another story. Only 4% of Society for Human Resource Management (SHRM) members say that their organizations offered their employees student loan repayment assistance in 2017. A survey by WorldatWork also found just 4% of employers provided a loan-repayment benefit - the largest corporations were the most likely to do so. This may be shortsighted in the competition for best talent.

In the American Student Assistance survey, 76% of respondents said that if a prospective employer offered a student loan repayment benefit, it would be a deciding or contributing factor to accept the job. A recent Oliver Wyman survey indicates that 80% of working professionals with student debt consider their student debt to be a source of either significant or very significant stress. According to the survey, 58% of respondents would prefer their employer make payments to help reduce their student debt versus making additional contributions to their retirement funds. Forty-five percent with outstanding student debt selected assistance with student loan repayment as the single most compelling employee benefit among six potential options, including retirement and health care contributions.
The Oliver Wyman research also suggests that a student loan repayment benefit would impact on recruiting, referrals and employee retention: among working professionals with student debt, 90% say that having a student loan repayment benefit would positively impact their decision to accept a job offer, to recommend an employer, or to stay with their current employer. Given the fact that roughly 43 million people have student loans, and that the US Workforce is roughly 144 million people, that means almost 1 in 3 workers has student loans. For employers, helping their employees get out of student loan debt just makes sense.

According to the Wyman study, for those companies that offer student loan repayment assistance, annual employer contributions generally range from $1,200 to $6,000 per year. While annual contributions are typically fixed, some employers have designed their plans to ramp up contributions over an employee’s first few years of employment, which increases the value of the benefit over time and creates a financial incentive for employees to stay with the firm. Employers that are able to assist their employees manage their student debt have an opportunity to differentiate themselves by directly addressing one of the biggest unmet financial needs in the lives of today’s working professionals.
Case Studies: Tuition Reimbursement

**Cigna:** An Accenture study focused on Cigna and found that for every dollar the company spent on its educational reimbursement program, it got back $1 and saved another $1.29 – an ROI of 129% - through reduced employee turnover and lower recruiting costs. Employees participating in the reimbursement program reported improved career opportunities and outcomes, more confidence, increased motivation, new knowledge and skills sets, and increased recognition and support from their managers. Participants were 10% more likely to be promoted, 8% more likely to stay with the company, and 7.5% more likely to transfer within the company than employees who didn’t use the tuition reimbursement. Participants also saw a 43% increase in wages over a three-year period. It is clear that companies that pay for some of their employees’ college degrees or certificate programs can recoup that money and then some.

Based on the positive ROI findings, Cigna increased financial support to $10,000 for undergraduate degrees and $12,000 for graduate degrees in strategic fields of study, and lowered reimbursement to $4,000 for undergraduate degrees and $6,500 for graduate degrees in non-strategic fields. Cigna employees can choose the college of their choice to attend, but if they choose one of the 35 colleges or universities Cigna partners with, they receive a discounted fee.

**Fidelity:** Employees at the manager level and below are eligible to receive up to $2,000 per year (up to $10,000 total) toward repayment of their student loans. The “Step Ahead Student Loan Assistance” benefit also provides employees with online tools to help them better manage their student loan debt. Fidelity estimates that approximately 25% of its employees have student loan debt. Fidelity uses the assistance of a third party employee benefit platform, Tuition.io, to send payments directly to each employee’s lender. Another positive: since the student loan benefit is paid monthly, an employee who leaves Fidelity does not have to repay the benefit.

**Nvidia:** The company offers its full-time and part-time employees up to $6,000 per year (up to $30,000) in student loan repayment benefits. The program covers both federal and private loans. To be eligible, employees must work at the company for at least three months and have graduated within the last three years.

**Aetna:** The company offers up to $2,000 in matching student loan payments (up to $10,000) for full-time employees and $1,000 (up to $5,000) for part-time employees. To qualify, an employee must have earned an undergraduate or graduate degree within three years of applying for the program.

**Starbucks’ tuition assistance program** covers the full cost of earning an online bachelor’s degree with a choice of more than 70 undergraduate degrees at Arizona State University. The company also offers students support from a dedicated team of coaches and advisors and 24/7 tutoring on a variety of subjects. Employees who work at least 20 hours per week are eligible for the benefit.
Fidelity: Full-time employees with at least six months of service may apply for tuition reimbursement for up to 90% of certain costs, up to $10,000 per year. Eligibility is subject to manager approval and the coursework must be at an accredited college or university and be work-related.

Acuity: In 2016, 12% of employees took part in the company’s unlimited tuition assistance program costing the company a total of $98,697 in reimbursements.

Boston Consulting Group: 10% of employees took advantage of the unlimited tuition reimbursement benefit in 2016. The company doesn’t disclose cost.

Burns & McDonnell: In 2016, about 2.5% of employees—or 125 workers—cashed in on the company’s unlimited tuition reimbursement benefit. As a result, the company paid $755,416 in tuition assistance. Over the last several years, the assistance program has cost the company an average of $650,000.

ARI: About 9% of ARI’s workers participated in the unlimited tuition assistance program last year, which cost the company more than $1 million.

EY: Job-related, unlimited tuition reimbursement is approved and funded by its individual business units, so it could not track the program’s overall use or cost.

TD Industries: The company spent $1,020,150 on tuition and training reimbursements in 2015 as 92% of its employees took advantage of the benefit. That high participation rate is due to the characteristics of its workforce. Because TD Industries is a construction company, more of its employees enroll in classes for technical training—often at night—versus courses for college credit. It considers any cost associated with a class as “tuition.”

Smuckers: Employees may be eligible for up to 100% reimbursement of tuition costs for Company-approved college courses. In addition to that, the company offers a scholarship program for children of employees valued at $3,000 per year to 10 recipients - and, its renewable.

AT&T employees can receive up to $8,000 in tuition assistance annually, with a lifetime cap of $25,000 for undergraduate costs and $30,000 for graduate costs.

Wells Fargo employees can receive up to $5,000 of tuition reimbursement per year. That's in addition to educational scholarships for the children of employees.

Employees of Wal-Mart or Sam's Club who study at American Public University can receive a grant that covers up to 15% of total tuition.
Case Studies: Student Loan Repayment Assistance

Nvidia: The company has a student loan repayment assistance program that offers up to $500 per month on student loans to full- and part-time employees who’ve been with the company for at least three months. These payments are made directly to the student loan servicer. That makes up a total of $6,000 per year, with a lifetime maximum of $30,000. Employees must have graduated within the past three years to be eligible.

Penguin Random House: Full-time employees who’ve been with the publisher for at least one year are entitled to up to $1,200 per year for their student loans. Penguin’s reimbursement, which goes straight to its employees’ principal student loan balance, maxes out at seven and a half years, which totals $9,000 in maximum student loan reimbursement.

PricewaterhouseCooper (PwC): Employees receive $1,200 per year (paid out monthly straight to the student loan servicer) for up to six years (or a total of $10,000). All current staff with qualifying debt can sign up.

SoFi: Employees can receive $200 per month towards their student loans with no yearly maximums.

Staples: The program, which pays $100 per month for three years straight to the principal balance of the student loan, is only available to new hire sales associates in specific areas and current employees deemed to be “top performers.”

Aetna: The company offers up to a $2,000 student loan repayment assistance match per year for up to five years.

Fidelity: The company offers up to $2,000 in student loan repayment assistance per year for up to five years.
Other related reading:

Employers Sharply Increased Financial Well-Being Benefits in 2017, *SHRM Online* Benefits, June 2017

Bill Seeks to Allow Tax-Free Student Loan Repayments by Employers, *SHRM Online* Employment Law, February 2017

Student Loan Aid Helps Employers Attract Millennials, *SHRM Online* Talent Acquisition, April 2016

*Oliver Wyman: The Student Loan Repayment Benefit*

*Gradifi* is a platform that enables employers to make direct contributions to employees' student loans.