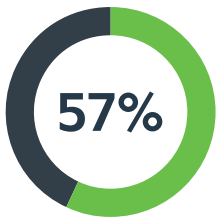




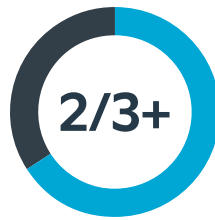
In uncertain times, focus on the benefits employees really want

In 2021, 47.4 million people voluntarily quit the workforce or changed jobs¹, citing a variety of reasons such as burnout, family obligations, low pay and limited opportunities for career growth. Although signals point to a potential easing of "[The Great Resignation](#)," labor shortages are expected to continue into the future.

The shortage has empowered people to find new, more fulfilling opportunities that can provide a greater sense of purpose. Employers that are invested in contributing to both employees' professional and personal well-being.



57% of employees said they will still be actively looking for a new job even if the economy enters a recession.²



More than 2/3 of employees would look for a new job in an uncertain economy if cuts were made to their compensation or benefits package.³

Job seekers are looking for higher pay and better benefits to mitigate the impact of a challenging economic environment.

8.5%

inflation, outpacing wages.⁴



\$1.75T

the current balance of U.S. student loan debt.⁵



The federal interest rate continues to rise increasing the amount borrowers will owe over time.

As inflation drives up the cost of living, consumers are **borrowing more to cover rising costs and defaulting more frequently on their loans.**⁶

Employees want more than “table stakes” benefits

Workers are shopping for the best opportunity, which for many means finding an employer that will help them forge a path to financial security and overall well-being. A recent Fidelity survey found that employers’ perceptions of the most valuable benefits align with employees’ perceptions only 43% of the time.⁷

While employers prioritize retirement benefits such as 401(k) and 403(b) plans over emerging benefits like a student debt program, employees consider student debt as a **top benefit** contributing to their financial well-being.

Quality over quantity

To attract and retain workers, employers need to offer more modern, customized benefit and compensation packages that reflect the diverse needs of their employees. Employers who don’t adapt their offerings risk losing valuable talent to competitors.

A first step for employers is understanding the disconnect between the benefits they think employees want and the benefits their employees actually need. Employees don’t necessarily want more benefits, but rather benefits that help improve the quality of their lives and reduce financial stress.

To start evolving your benefits program, consider how you define the value of a benefit and if it’s in line with how your employees value benefits. Fidelity research indicates that employees’ utilization of a benefit does not always equate to how valuable a benefit is for certain workplace goals like recruiting or retaining talent, or supporting employee wellness.

For example, if you want to be seen as an employer of choice among recent graduates, offering a student debt assistance benefit can be extremely attractive. Gen Z is not only the most racially and ethnically diverse segment of the U.S. population, but it’s also on track to be the best educated.¹⁰ That educational progress comes at a cost. College graduates from the class of 2020 borrowed an average \$29,927 to fund their education costs.¹¹

Offering a student debt assistance benefit can help younger workers gain a solid financial footing, enabling them to increase their 401(k) and healthcare savings account (HSA) contributions while paying down debt.

86%

of young workers would commit to their employer for five years if the employer helped pay off their student loans.⁸



78%

reduction in overall turnover from employers who offered the **Student Debt: DirectSM** benefit.⁹



Why now?

It's not just the newest generation of employees that is looking to their employer for financial relief.

The uncertain economic climate compounded by inflation, stagnant wages, housing demand and decades of accumulating student loan debt is creating a perfect storm for many Americans. The Biden administration's recent announcement on student loan forgiveness and the payment freeze provides some relief, but it does not address all of the financial stressors employees face.

Employees are looking at the big picture, actively searching for opportunities that will allow them to improve their wellbeing, gain financial prosperity, and find a higher purpose in their work. Their evolving needs cannot be met by offering a single salary raise or benefit. As competition for top talent heats up, every company should reconsider what it takes to become a destination employer. Comprehensive compensation and benefits packages that contribute to a positive worklife balance are a major draw for job seekers. Benefit programs that emphasize quality outcomes over quantity demonstrate a company's commitment to its employees and can be used as a tool to attract, retain and engage a diverse workforce.



For more information, contact your Managing Director

¹ Ashley Stahl, "The Last Of The Great Resignation," *Forbes*, June 9, 2022.

² Greenhouse Candidate Economic Sentiment report, Greenhouse, June 2022.

³ Greenhouse Candidate Economic Sentiment report, Greenhouse, June 2022.

⁴ Consumer Price Index Summary, U.S. Bureau of Labor and Statistics, August 10, 2022.

⁵ Case, Hannah, Simona Hannon, and Alvaro Mezza (2022). "A Note on the Expected Expiration of Federal Student Loan Forbearance," *FEDS Notes*. Washington: Board of Governors of the Federal Reserve System, May 27, 2022.

⁶ "Inflation pushing more borrowers with low FICO scores to default -study." *Reuters*, May 5, 2022.

⁷ Fidelity 2021 Employee and Employer Value of Benefits Research

⁸ American Student Assistance Young Workers and Student Debt Survey by Regina Corso Consulting. N=502 young workers between the ages of 22 and 33, January 2017.

⁹ Fidelity analysis of 60 early adopters of the Student Debt: Direct Benefit representing more than 250,000 employees. The overall turnover results were calculated from March 2020 - March 2021

¹⁰ K. Parker, R. Igielnik, "On the Cusp of Adulthood and Facing an Uncertain Future: What We Know About Gen Z So Far," *Pew Research Center*, May 14, 2020.

¹¹ E. Kerr, S. Wood. "See 10 Years of Average Total Student Loan Debt," *U.S. News & World Report*, September 14, 2021.