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Student Debt Is Back: A New Mandate for Total Rewards Leaders

BY JESSICA SWENSON | JULY 28, 2025

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With college tuition up over 1200% since 1980 and dramatically outpacing inflation rates, the U.S. is in the midst of a student debt crisis. [More than 42 million Americans](#) carry a combined \$1.7 trillion in student loan debt, forcing many to delay key life milestones such as buying a home, saving for retirement, and starting a family.

In just the last five years, the government has launched and revoked various programs to ease the burden of student debt holders through payment pauses, reduced interest, and potential forgiveness opportunities. With the new administration's enforcement of the payment on-ramp end date and elimination of popular repayment plans, student borrowers now face new barriers to reconciling their debt.

"Ninety percent of borrowers [experience] heightened anxiety because of their [student loan] debt," said Jon Harold, [SoFi at Work's](#) head of sales and partnership success. Harold led a thought leadership spotlight on the subject during [From Day One's July virtual conference](#).

According to a [2024 benefits survey](#), employees with student debt are more concerned about it than other expenses like food, healthcare, housing, and transportation costs. This anxiety can impact workforce productivity, engagement, and retention, Harold says. "Fifty-six percent of employees spend three or more hours per week at work thinking about their finances," he said.

There is some good news, he says. Section 127, an educational assistance program that allows employers to offer tax-free tuition reimbursement contributions up to \$5,250, was expanded to include student debt payments, and the reconciliation bill recently passed by Congress extends that program permanently. Additionally, the SECURE 2.0 Act passed in 2022 allows employers to match student debt payments as if they were retirement contributions and deposits that match into the employee's retirement account, says Harold.

To attract top talent and drive retention, many employers have started offering these types of programs as a part of their benefits package. With 62% of private-sector employees stating that student debt influences their employment decision-making, and "36% of employees with student debt less likely to remain with their employer than those without debt," said



Harold, “we’re seeing it become table stakes for many new employees out of college.”

Jon Harold, SoFi at Work’s head of sales and partnership success, shared stats and insights on the subject (company photo)

What are these companies doing, and how?

Harold says that they are taking advantage of not only the government-enabled structured support programs, but launching their own direct-contribution programs and partnering with companies like SoFi at Work to offer education, advice, and alternative payment options.

[WTW found](#) that 42% of employers are considering participation in retirement match contributions enabled by the SECURE 2.0 Act to help employees tackle their student debt while still contributing to retirement savings. And a [study](#) conducted by the Employee Benefit Research Institute (EBRI) showed that 34% of companies offer some kind of direct-contribution model to help offset employee student debt. Employers can customize these models based on multiple factors, including budget, frequency, and employee eligibility, says Harold.

Since 86% of employees say they would stay with an employer for five or more years if the company helps with student loan debt, per a 2017 American Student Assistance survey, Harold says that a tiered program that increases contributions over time can also strengthen loyalty and boost retention. One of SoFi’s healthcare clients created a monthly direct-contribution program and saw a 21% increase in therapist retention within six months of its launch.

Due to the uncertainty around student debt repayment plans and credit impacts, SoFi has seen a high demand for webinars, guides, and personalized advice. People are confused about what payment or refinancing options are available. “We did a webinar in June of this year where the head of our financial planning team talked about [the] changes, and it was a record webinar for SoFi. We had thousands of people sign up,” Harold said.

Certified Financial Planners or other specialists can provide employees with one-on-one support and advice based on their specific situations, he says, and SoFi also offers optimization tools that help borrowers understand what is available and make the best choice based on their debt profile and financial needs. A SoFi partner that launched their program less than five years ago has since seen over 400 employees optimize \$54 million in student debt.

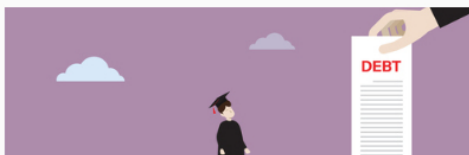
“The government is incentivizing employer action and reducing support directly to borrowers,” said Harold. As this crisis deepens, employees are in a state of anxiety and confusion but also ready to act. Offering student loan benefits will give employers a strategic advantage in the talent marketplace, and SoFi is ready to share their decades of experience to help companies make the best decision for their workforce.

Editor’s note: From Day One thanks our partner, [SoFi at Work](#), for sponsoring this thought leadership spotlight.

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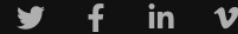
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