

Navigating Public Service Loan Forgiveness.

A pathway to better financial health.

The AIG Retirement Services Study of Public Service Loan Forgiveness (PSLF) explores awareness, understanding and utilization of the PSLF program, and how debt relief could help those who work in public service.



Student loan debt is a burden for many in healthcare, education, government and nonprofits.

Americans now have over \$1.7 trillion in student loan debt¹ and more than one in six carry a Federal student loan,² with an average debt of over \$36,000.³

Education is a critical path to achieving career goals and higher earnings, yet for millions of public sector workers, student loan debt is also a significant burden.



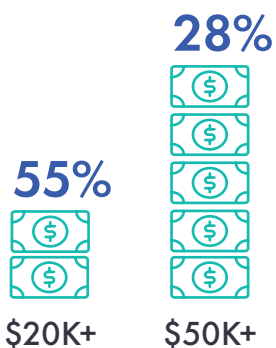
Nearly **8 in 10** of public service employees (**78%**) say their student loans are a major burden.



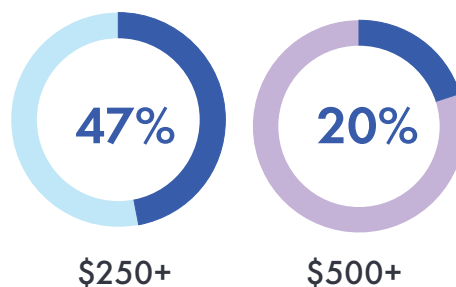
66% point to student loan debt as their leading cause of financial stress.

Here's why ...

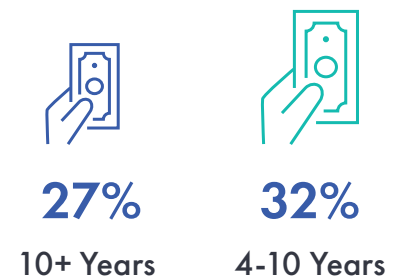
Total student loan debt:



Monthly payment:



Duration of payments:





Loan forgiveness can provide relief, but many don't understand the process.

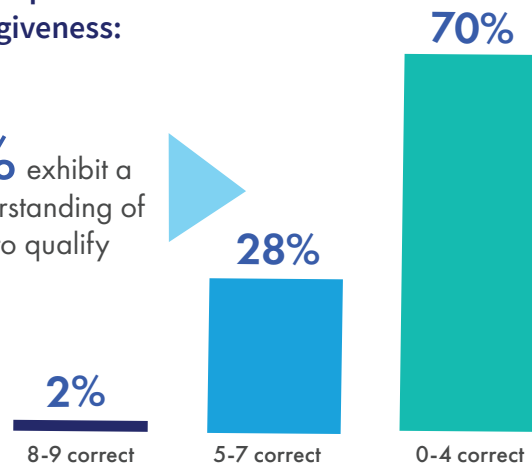
Currently, less than 3% of Public Service Loan Applications have been approved.*



Results of nine-question quiz on Public Service Loan Forgiveness:

yet

only **30%** exhibit a general understanding of what it takes to qualify



*US Department of Education as of November 30, 2020.



Key factors standing in the way of achieving Public Service Loan Forgiveness:



34%

Confusion about the program



34%

Maintaining qualification over time



31%

Number of required payments (120)

This limited understanding is likely a key impediment to broader usage.



Top Benefits of Loan Forgiveness:

#1 Reduced financial stress:

64%



And with reduced financial stress and more flexibility, overall financial well-being can improve.

#2 Student loan forgiveness allows employees to focus on other financial priorities:

How would you use money freed up through loan forgiveness?



51%

Pay off my debt



47%

Save for retirement



43%

Emergency fund

Retirement savings: 49% have less than \$25,000 and 15% have zero savings.

Non-retirement savings: 70% have less than \$25,000

#3 Expanded educational and growth opportunities are good for the employee, employer and the economy.



28%

Say that student loan debt hindering them from going back to school.

#4 Ability to remain in public service.



33%

Report the elimination of the program would "impact" job/employer choice.

Workers in public service believe in what they do.

Public service employees – such as teachers, healthcare workers and those in nonprofit work – serve in valued roles within in our communities. It’s important for them to be able to continue doing this work, and they want to.



59%
strongly agree
my work has value.



53%
strongly agree the mission
and purpose of my
employer has value.

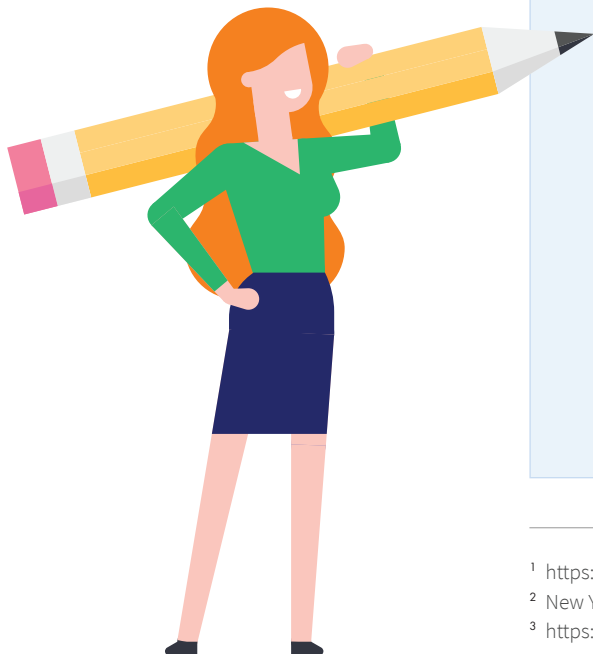


An opportunity for employers

Employers can work with AIG Retirement Services to help employees navigate loan forgiveness with Student Debt Solutions:

Facilitating loan debt reduction and forgiveness: AIG Retirement Services has engaged Savi, a social impact technology firm, to provide nonprofit and public service employees with an online tool to navigate government loan forgiveness programs ,help them take control of their student loan debt and improve their future financial security.

Expanding financial guidance: Financial professionals have an important role in meeting the needs of employees in public services roles. By taking a more holistic approach, they can help public service workers put together a comprehensive plan to address their future financial needs.



About the survey

AIG Retirement Services commissioned a study of awareness and understanding of the Public Service Loan Forgiveness program among Federal student loan holders. Results are from an online survey of 664 public service employees, ages 21-67, working a minimum of 30 hours a week in government, healthcare, education and the not-for-profit field, all currently paying off Federal student loans. The survey was conducted by Dynata and fielded from October 9 – November 13, 2020.

¹ <https://www.federalreserve.gov/releases/g19/current/default.htm>

² New York Federal Reserve’s Center for Microeconomic Data

³ <https://educationdata.org/student-loan-debt-statistics>

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*Source: LIMRA SRI Not-for-Profit Retirement Market Survey 03/31/2020. Based on total assets in a survey of 25 major companies.

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