

## National Advocacy Week 2022

Oct. 10-14

# Improve future financial security for students

In 2020, about 42 million Americans, or one in eight, had student loans with the entire amount of student [debt equaling around \\$1.5 trillion](#). With Americans feeling the weight of student loan debt, many choose to forgo contributing to their retirement plans, jeopardizing their future financial security. The Retirement Parity for Student Loans Act would permit 401(k), 403(b), SIMPLE, and governmental 457(b) retirement plans to make voluntary matching contributions to workers as if their student loan payments were salary reduction contributions. For example, if someone pays \$300 in student loans in a given month, their employer could contribute \$300 or a percentage to their retirement account.

Of the outstanding \$1.5 trillion in student loan debt, about [25 percent of those borrowers went to graduate school and account for half of the outstanding debt](#). Specifically, in 2019, 73 percent of medical students graduated with an [average of about \\$200,000 in student loan debt](#). This number will significantly increase as the cost of medical school goes up every year. In fact, for first year students in 2020-2021, the average cost of attendance increased from the prior year for public medical schools by [10.3 percent](#), making it likely that medical students will have to carry even larger student loans in the future in order to graduate. With medical students being forced to take on low-paying residency and fellowship positions for up to eight years post-graduation, this generation of students is having to choose between paying back student loans or contributing to their retirement.

A study found that [student debtors save significantly less for retirement](#) than non-debtors by age 30 and that this gap continues to grow over the student debtors' lifetime. Moreover, 73 percent of Americans say they expect to begin, or increase, their retirement contributions once their student loans are paid off. However, with most Americans unable to pay off student loans [until they are in their 40s](#), decades will pass before individuals are able to invest for their retirement. By delaying saving for retirement, individuals miss out on many of the long-term benefits of compound interest, which will either force them to have to save about 40 percent of their income, if they begin investing for their retirement in their 40s, in order to adequately support themselves in their retirement, or lead to an unsustainable reliance on Social Security, which itself is [under threat of being depleted by 2037](#). Comprehensive solutions are needed to ensure that this generation and generations to come can properly save for retirement throughout their career.

The Retirement Parity for Student Loans Act would permit 401(k), 403(b), SIMPLE, and governmental 457(b) retirement plans to make voluntary employer-matching contributions to workers as if their student loan payments were salary reduction contributions. Thank your representative for supporting the passage of H.R.2954 - Securing a Strong Retirement Act of 2021 and **Urge your Senator to cosponsor S. 4808, the "Enhancing American Retirement Now Act"**—bipartisan legislation that is a positive step towards ensuring long-term financial solvency and well-being of future physicians.