



TACKLING  
STUDENT DEBT.  
SAVING FOR  
RETIREMENT.  
**TOGETHER.**

Our blueprint for launching a program  
that helps employees work toward  
financial freedom.



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MARY MORELAND

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# ABOUT ABBOTT

Abbott is a global healthcare leader on a mission to improve the lives of 3 billion people every year by 2030. We're expanding our impact through our life-changing technologies and products in diagnostics, medical devices, nutrition and branded generic medicines.

**We are 114,000 employees strong, with a global presence spanning more than 160 countries. We invest in our colleagues because we value them and know that achieving our purpose starts with our own people.**



# A LETTER FROM MARY MORELAND EXECUTIVE VICE PRESIDENT, HUMAN RESOURCES



My first job out of college, I was working as an actuary. My manager stressed the importance of putting as much money in our 401(k)s as possible to take full advantage of the company match.

I was too embarrassed to tell him I couldn't do that. I barely made enough to cover my rent and student loan payments. There was nothing left over to save for retirement.

Not much has changed with student loans since then, except maybe now we talk more openly about the burden of student debt.

People with student debt still often have to make a choice: pay their monthly student loans or put money in their 401(k)s.

But at Abbott, our people can do both, thanks to our first-of-its-kind program, Freedom 2 Save™, which we introduced in 2018.

Our program enables employees to pay down their student loans and save for retirement.

And starting in 2024, it will be easier for companies to implement programs like this, thanks to a new federal law, the SECURE 2.0 Act. Employers will be able to match student loan payments made by their employees with contributions into their retirement accounts.

This is important because people who delay saving for the future while dealing with student loans will find it hard to catch up.

Beyond saving for retirement, our colleagues are worried about affording those milestones that so often accompany young adulthood. Things like getting married, buying a house and starting a family.

The good news is that employers can help relieve some of this burden.

But we know rolling out this type of employee program can be complicated. That's why we created the Freedom 2 Save blueprint.

In this blueprint you'll find data on why a program like Freedom 2 Save is important, highlights on the program's impact, and a guide for developing and implementing a program of your own.

Together, we can help employees tackle student debt and save for their future. And this will mean improved finances and wellness for many Americans today and in the long term.

Sincerely,

A handwritten signature in black ink that reads "Mary K. Moreland". The signature is fluid and cursive.

**Mary K. Moreland**  
Executive Vice President,  
Human Resources  
October 26, 2023



## FREEDOM 2 SAVE™

At Abbott, you don't have to choose between paying down your student loan debt and saving for your future. Our Freedom 2 Save™ program enables employees to do both. Through Freedom 2 Save, if benefit-eligible employees apply at least 2% of their eligible salary toward paying down a qualifying student loan, they will receive a 5% company contribution into their Abbott 401(k) annually. Employees don't have to put any money into their 401(k) to get this company contribution. This means our colleagues can really focus on paying down their student loan debt while knowing they're still saving for the future.



or more of eligible pay applied toward student loans



is what Abbott contributes to 401(k) annually

### HOW THE PROGRAM WORKS

**All employees eligible to participate** in our Stock Retirement Plan can enroll in Freedom 2 Save.

**Eligible new employees** can sign up for the program on their first day of employment.

**Abbott's 401(k) contribution** is made approximately 60 days after the end of the calendar year for the prior year's benefit.

**Over time**, this Freedom 2 Save 401(k) contribution can grow, thanks to tax-deferred investment returns.

**After 10 years** (the typical student loan repayment period), employees could accumulate up to \$48,000 in their 401(k) accounts.\*

\*Based on a starting salary of \$70,000 for employees in their early 20s with an annual eligible pay increase of 2%, annual investment returns of 5% and a company contribution of 5% of eligible pay.

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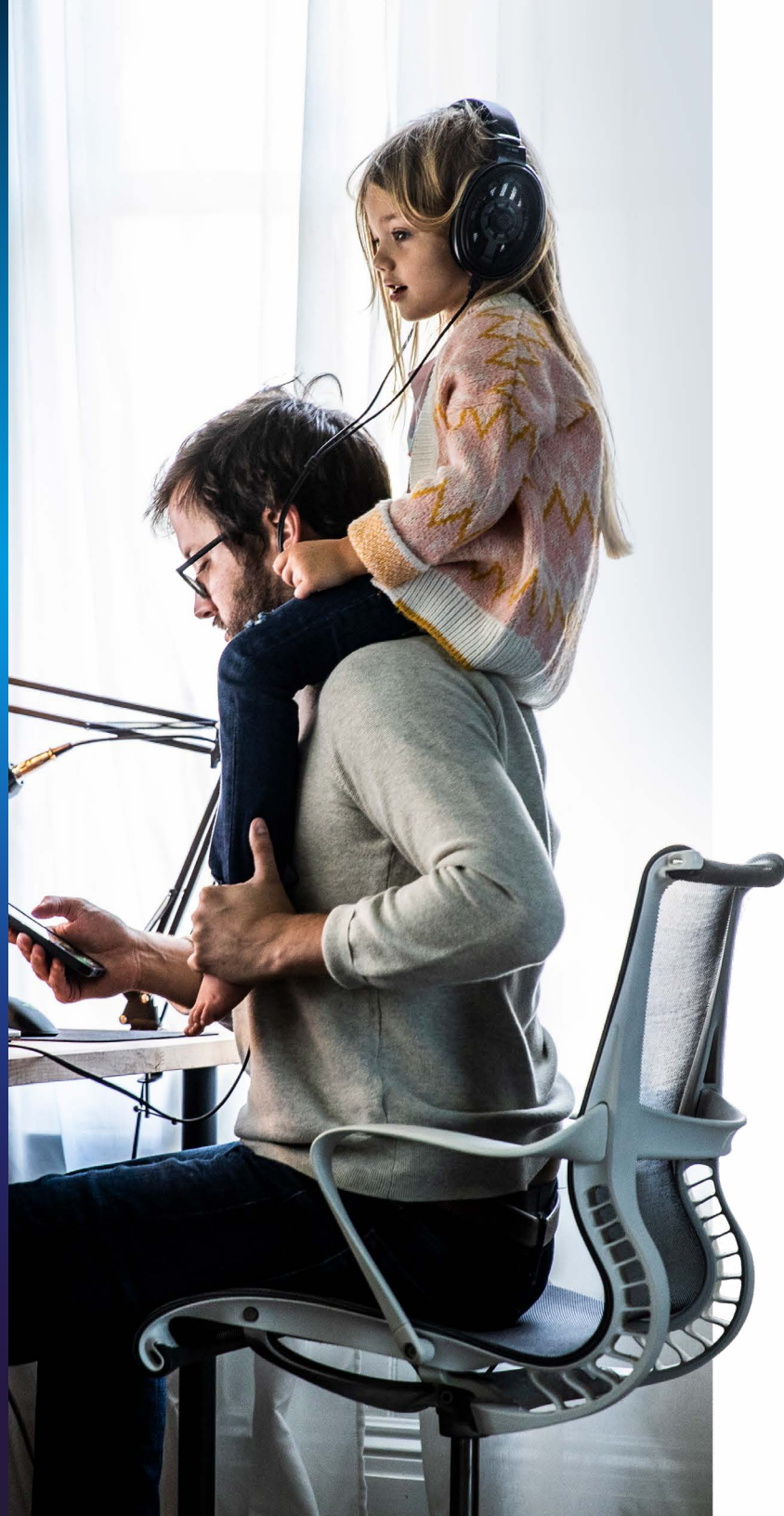
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TACKLING STUDENT DEBT TOGETHER  
HOW THE PROGRAM CAME TO BE

## HOW THE PIONEERING PROGRAM CAME TO BE

In 2016, while refreshing the company's benefits, we heard from employees about **their challenges saving for retirement because of their student loan debt.**

We considered giving cash to our employees with student loans, helping them more directly pay down their school debt. But philosophically, we couldn't overcome the hurdle that we were compensating our colleagues with student loans differently than those who didn't have that kind of debt.

### Then an idea sparked.

**Create a program that gives people access to retirement savings in two different ways:** contribute to your 401(k) and get the company match, or we will contribute for you while you pay down your student loans.

**This is how our Freedom 2 Save™ program was born.**

We received a private letter ruling from the IRS to create the first-of-its-kind program, **and then implemented it in 2018.**

### NEW IN 2024

Enacting a program like ours will be easier thanks to a new federal law called the [SECURE 2.0 Act](#), a provision of which was inspired by Freedom 2 Save.

Through the SECURE 2.0 Act, employers will be able to match student loan payments made by their employees with tax-advantaged contributions into their retirement accounts, starting in January 2024.

We know we can't take on the burden of student loan debt on our own.

This is why we're excited about the SECURE 2.0 Act, which will make it easier for companies to help their people tackle student loans. In doing so, employees will be better able to take care of themselves and their families through financial well-being.

# THE IMPACT: HELPING EXISTING AND PROSPECTIVE EMPLOYEES

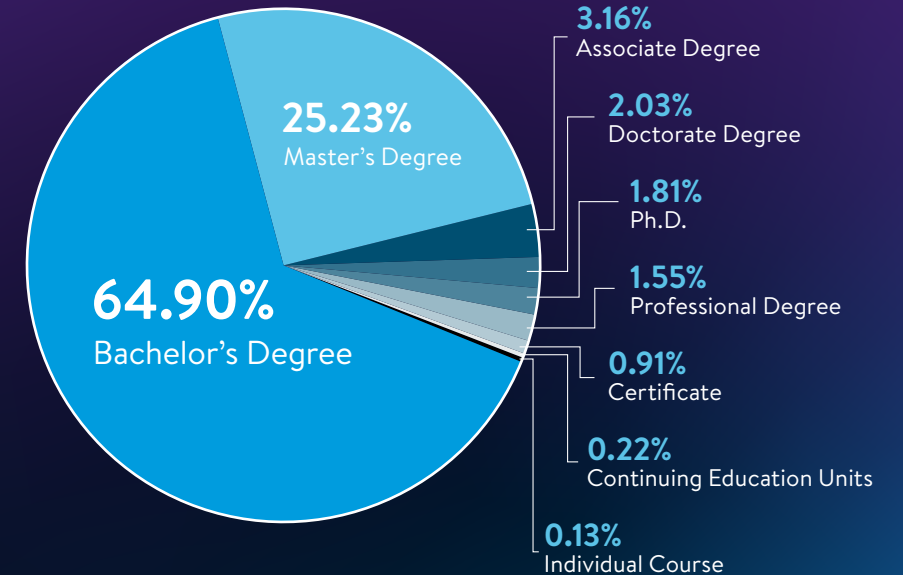
Freedom 2 Save™ has made a positive impact on our workforce. Prospective employees who are job hunting see the program as an alluring workplace benefit, and current employees say it makes them feel that we care about them as people, not just workers.

## PROGRAM PARTICIPATION


 **2,800**<sup>+</sup> employees enrolled in total since the program's inception

 **1,600**<sup>+</sup> employees participated in the program at some point during 2023

## FREEDOM 2 SAVE™ BY DEGREE TYPE



## RETENTION

 Employees who participate in Freedom 2 Save are **19% more likely to stay with Abbott**

## CONTRIBUTION

**More than \$7 million** contributed to participants' 401(k)s since inception

**Goal of \$10 million** in matching contributions by 2030



## HEAR FROM EMPLOYEES

**More than 2,800 of our people have participated in Freedom 2 Save™ since the program's start. Hear from some of them, in their own words, about the program's impact on their lives and their student loan debt.**



**KRISTINE**  
AJPEK

“I started college a little later than most because I was worried about racking up too much student debt. I ended up getting a biomedical engineering degree, which left me with about \$20,000 in student loans. Freedom 2 Save has given me more freedom to spend and save my money how I'd like. And I'm paying off my student debt so much faster than I expected that I'm actually considering going to graduate school.”



**MATAN**  
ADMI

“Now that the pause on federal student loans is over, it has been an adjustment to start making those monthly payments. At least I know I'm accumulating money in my 401(k) while I focus on paying off my student debt thanks to Freedom 2 Save. I'm always thinking of my future, so this is really important to me.”



**CYNTHIA**  
CHAN

“I accumulated about \$15,000 in student debt after earning my master’s degree in chemical engineering and had no idea how I’d be able to pay my loans and save money for my future. Freedom 2 Save™ lifted that weight off my shoulders. I’ve paid off nearly \$5,000 while also saving for retirement, and I can now envision a time in the not-so-distant future when I’ll be free of this student debt.”



**JORGE**  
NIETO

“My \$60,000 in student loans from my mechanical engineering degree made it difficult to save for key milestones. That changed with Freedom 2 Save. After enrolling in the program, I increased my monthly student loan payments because I no longer had to worry about putting money in my 401(k). Abbott handles that for me. Now I’m on track to pay off my student debt sooner than expected, which is good because I want to help my parents save for their retirement.”



**NORM**  
ARMSTRONG

“I went back to school when I was 52 and graduated with a degree in database management and \$32,000 in student loans. Now, after four years in Freedom 2 Save, I just made my last student loan payment. The program enabled me to throw extra money at my student loans because I didn’t have to worry about saving for retirement. I’m finally out of the vicious student debt cycle, and a lot of that is because of Freedom 2 Save.”



**KRISTIN**  
ABELE

“I always hoped to pay off my \$30,000 in student loans quickly, but never imagined the day that I’d see an end to the monthly debt payments. I should be able to pay off my student loans by the end of the year and that’s largely because of Freedom 2 Save. I took the money that I would have put toward my retirement and added it to my monthly student loan payments, which enabled me to knock down my loan much faster than I expected.”



**NICK**  
ANKENBRUCK


“I paid off my \$10,000 in graduate school loans much quicker than anticipated thanks to Freedom 2 Save. Since the program requires you to put at least 2% of your salary toward your student debt, I paid more than the monthly minimum. I think this program is particularly important for people who get advanced degrees like a Ph.D. because you’re starting your professional career later than most, which means you may be in your early 30s before you even start thinking about saving for your future. And that’s a scary position to be in.”



## BUILDING THE BUSINESS CASE

The first step to developing a successful employee program is building the business case, which includes illustrating why the program is needed and evaluating its benefits, return on investment and affordability.

While the circumstances at each company vary, the need for a program like Freedom 2 Save™ is unwavering.



Young adults are so stressed about money — **91% feel it's impacting their physical and mental wellness**, according to a recent survey of more than 500 people ages 18–39. A key driver of that financial stress is student loan debt.

Morning Consult® on behalf of Abbott. Impact of Student Loans on U.S. Adults Ages 18-39. Survey performed September 8-13, 2023. Accessed September 18, 2023.

### IMPACT OF STUDENT LOANS



Student loans are the **third-largest** form of consumer debt after mortgages and auto loans

Federal Reserve Bank of New York. Total Household Debt Reaches \$17.06 Trillion in Q2 2023; Credit Card Debt Exceeds \$1 Trillion. Updated August 8, 2023. Accessed September 19, 2023. <https://www.newyorkfed.org/newsevents/news/research/2023/20230808>



**\$1.57<sup>+</sup> trillion**

of student loans is outstanding in the United States

Federal Reserve Bank of New York. Total Household Debt Reaches \$17.06 Trillion in Q2 2023; Credit Card Debt Exceeds \$1 Trillion. Updated August 8, 2023. Accessed September 19, 2023. <https://www.newyorkfed.org/newsevents/news/research/2023/20230808>



**\$37,000**

is the average federal student loan debt

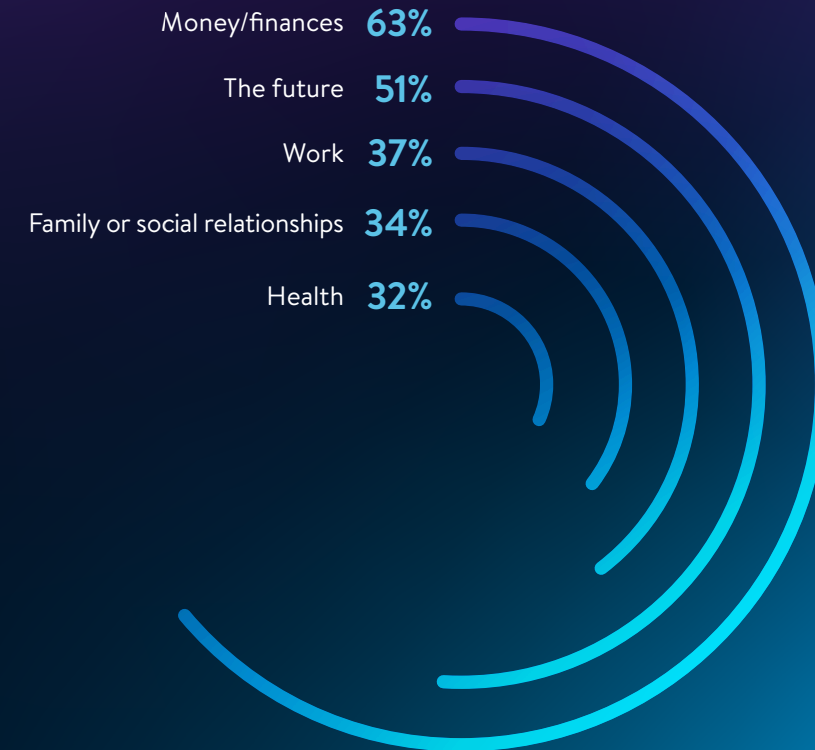
Education Data Initiative. Hanson M. Average Student Loan Debt. Updated May 22, 2023. Accessed September 19, 2023. <https://educationdata.org/average-student-loan-debt>

# BUILDING THE BUSINESS CASE: LIFE WITH LOANS

## STUDENT LOAN IMPACT ON MAKING LIFE DECISIONS AMONG YOUNG ADULTS



## THE BIGGEST STRESSORS AMONG YOUNG ADULTS

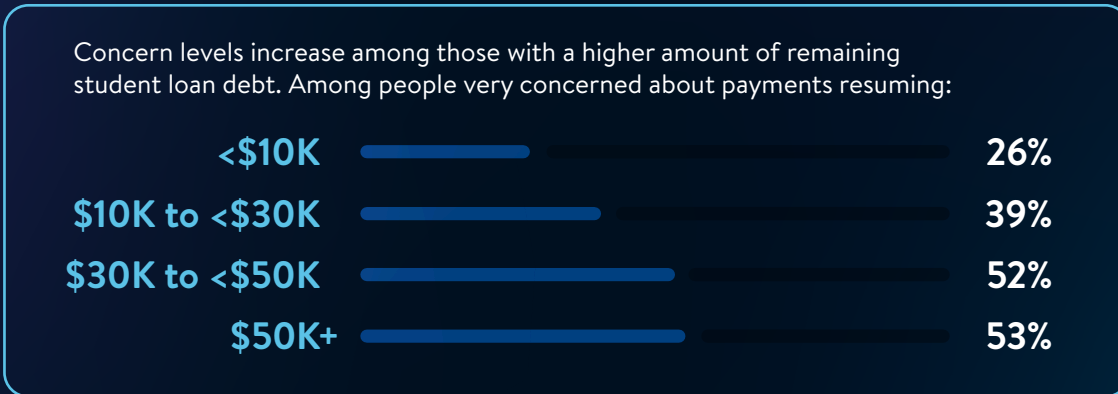
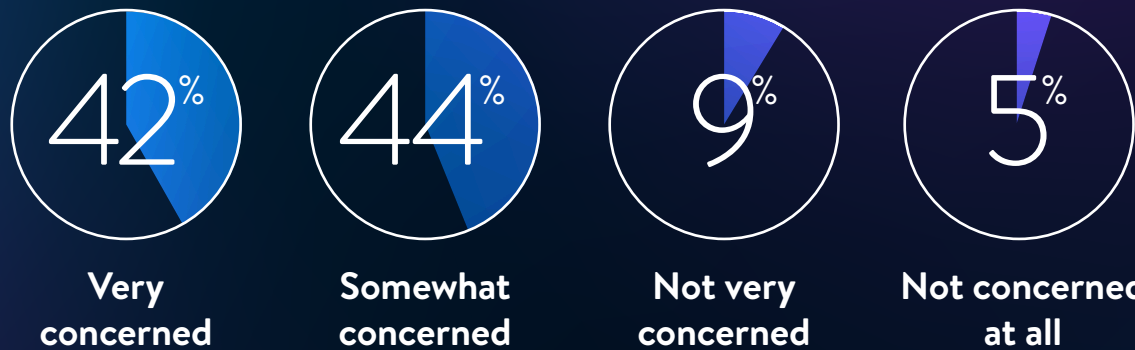


Morning Consult® on behalf of Abbott. Impact of Student Loans on U.S. Adults Ages 18-39. Survey performed September 8-13, 2023. Accessed September 18, 2023.

# BUILDING THE BUSINESS CASE: NOW AND LATER

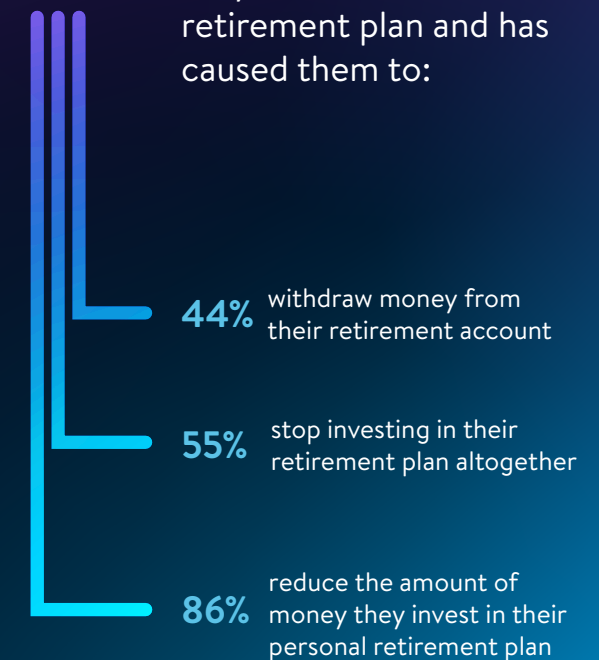
## CONCERN OVER FEDERAL LOAN PAYMENTS

Most young adults with student loans have at least some concern over federal loan payments resuming.



## IMPACT ON RETIREMENT SAVINGS

46% say student loan debt has impacted how much they contribute to their retirement plan and has caused them to:



Morning Consult® on behalf of Abbott. Impact of Student Loans on U.S. Adults Ages 18-39. Survey performed September 8-13, 2023. Accessed September 18, 2023.

# BUILDING THE BUSINESS CASE: LOAN HELP WANTED

63%

of young adults **did not pay their federal student loans at all** during the more than three-year pause.



94%

are interested in a workplace benefit in which they receive **a 401(k) contribution for paying their student loans.**



54%

said this workplace benefit would significantly impact their decision **if choosing between multiple job offers.**



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## EXPLORATION

As you look into implementing a program like Freedom 2 Save™, here are some key questions you and your team should consider:

Does the program align with the company's philosophy and employee value proposition?

How would the program fit within the company's overall financial wellness strategy?

What will the increase in company match and program administration costs be for the company?

What resources — including external vendors and funding — will be needed to create the program, manage it over time and communicate it frequently to current and prospective employees?

What will success look like, and how will it be measured? (Metrics could include attraction of new employees, retention of existing colleagues and their level of financial stress.)

Is the company's retirement plan administrator capable of supporting the program? If so, do we know their capabilities and limitations?

The next step is identifying the internal stakeholders needed to inform and ultimately approve and buy into the program. We recommend involving leaders in the following roles and functions:

Human Resources

Finance

Legal

Communications



## PARTNERING

**When your internal stakeholders greenlight the program, it's time for your benefits and wellness team to find the right vendor partners who will help you set up and implement the program. Plan for six to 12 months from concept and approval to execution.**

### HERE'S WHAT WE SUGGEST:

- 1 Notify your record keeper\* that you're interested in implementing the SECURE 2.0 Act student loan provision.
- 2 Decide if you will allow employees to self-certify that they're paying their student loans or if you will require documentation of the loan repayments. If the latter, discuss the loan submission process with your retirement plan administrator.
- 3 Check with your retirement plan administrator to see if they have a preferred student loan vendor that they work with. If they don't, there are several student loan debt vendors in the marketplace that can work with your retirement plan administrator to support your program.
- 4 Once the student loan vendor is in place, you will need to assign a project manager to build out the implementation, execution and communication of the new program.
- 5 Once the infrastructure is in place, work with your employee and human resources communications teams to develop a marketing strategy to inform and educate current and prospective employees about the program.
- 6 Collaborate with your communications teams to determine if and how you want to communicate about the program to other external stakeholders, including prospective employees and media.

\*A record keeper is a benefits administrator.



## ORGANIZING FOR LAUNCH

The program's success is tied to employee engagement, which is driven by a communications plan. You'll want to engage your internal and external communications teams early in the planning process to develop a strategy to communicate about the plan at launch and then continuously throughout the years.

### Here are a few learnings that may help you determine how you want to communicate your program to your people and prospective employees:

- Clearly define what audiences you want to reach and focus your communications on channels that your audiences use.
- Be creative. Expand beyond emails, and consider creating YouTube® videos, podcasts and social media content.
- Tailor your communications to the needs and interests of specific employee groups, such as new employees or those living in certain geographical regions.
- Identify key employee touch points, such as new hire orientations and annual open enrollment.



## BEST PRACTICES

The employee response to our Freedom 2 Save™ program has been overwhelmingly positive. And part of that is because we're always looking for ways to enhance the benefit, whether that involves our vendors, the employee experience or how we talk about the program.

### JOIN US

Join us in building a future of financial freedom for people with student loans.

[Click here for more information.](#)

### HERE ARE SOME OF OUR TAKEAWAYS:

- **The program works.** Some employees have paid down all their student debt — as much as \$60,000 over a few years — while amassing retirement savings thanks to our 401(k) contributions.
- **New employees** have told us that Freedom 2 Save is one of the reasons they came to work at Abbott.
- **Existing employees** say the program makes them feel valued.
- **Regular communications are critical** to ensuring that people understand the intricacies of the program.
- Collecting participants' loan documentation is time-consuming. **Consider automating the process** with the use of data aggregators or other tools.



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## **SURVEY METHODOLOGY**

*Morning Consult® Survey Methodology*

The total sample size was 501 U.S. adults aged 18–39 who have continued with some form of education after high school, have existing student loan debt and are living in major U.S. markets. The responding sample is weighted to the profile of the sample definition to provide a representative reporting sample. Interviews were conducted online in September 2023.

February 2024

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