Please note: This is a transcription so there may be slight grammatical errors.

Hello, and welcome to Revamping Retirement, a podcast brought to you by CAPTRUST, where we explore the opportunities and challenges facing today's retirement plan sponsors and fiduciaries. Our hosts lead the employer-sponsored retirement plan practice at CAPTRUST, one of the largest registered investment advisors in the U. S., and a thought leader in the retirement plan, advisory, and consulting space. We hope you enjoy Revamping Retirement.

Jennifer Doss: Hello everyone, and welcome to another episode of Revamping Retirement. I am your co-host, Jennifer Doss, and I am joined today by the lovely and talented Dawn McPherson, who is joining me today for a discussion with Candidly. Candidly is a financial wellness platform that focuses on addressing student loan debt, emergency savings, retirement, and more.

We are delighted to have Amber Moulder, who is the Director of Partnership Relationship Management at Candidly. And James Sheridan, who is head of coaching at Candidly. Thank you both for joining us today.

James Sheridan: Thank you.

Amber Moulder: Thank you.

Jennifer Doss: I just introduced your titles, but that doesn't really mean much to people. So just maybe start out by telling us a little bit about your firm, who your clients are, who you work with, what types of solutions you offer, how many clients you service, that sort of thing.

Amber Moulder: Candidly is an AI-driven student debt and saving optimization platform.

So, this is delivered as a workplace benefit to help employees plan and pay for college, pay down debt faster, and build savings and wealth. So, our founder, Laurel Taylor, started Candidly back in 2016 with a simple mission, just to crush student debt for all borrowers. And help them simultaneously build wellness and ultimately wealth.

Dawn McPherson: We're excited to dig in a little bit more on that. Can we start just talking more specifically about each of your roles within Candidly?

Amber Moulder: Really, I work with a lot of our partners and plan sponsors in all things Candidly. I help educate in this ever-changing legislative environment, but I also share more about the Candidly solution and the specifics of our platform.

I help with different demos and presentations as needed, bringing on new clients to our platform.

James Sheridan: I'm the head of our coaching team over at Candidly, and what that means, my team and I, we actually get to work with the employees, and typically in a one-on-one capacity, we're meeting with them, going through their specific student loan situation.

You see all different types of things, and people coming from all different backgrounds and all different phases of their journey, but we're there to just try to help them, support them through that process, and get on the best path forward when it comes to navigating, like Amber mentioned, the ever-evolving landscape we're in with student loans.

Jennifer Doss: So, James, you have the really, very one-on-one, rewarding role at the firm, right? You get to actually help people and tell them, “Hey, I'm going to save you this much per month if we do this,” or “You're going to pay off your debt that much faster.”

I also liked something you said, Amber, I'm going to synthesize what Candidly does just by saying CRUSH STUDENT DEBT. I like that. All right, let's dig in. Amber, since you do hear directly from the employers, that's who you typically work with, what are they most concerned about right now? What problems are they trying to solve? And I guess a follow-up to that would be, have those problems gotten worse?

Amber Moulder: So many rights now are more short-term topics such as the payment moratorium ending. And how to help their employees budget for this new payment. It's likely that their employees haven't made a payment in the last three years.

They've sent, they've spent money on other things or that, money, or the average 400 student debt payment has gone to groceries or daycare or a new car payment. So how do they help their employees rebudget for that payment? It's alarming that 45 million Americans are entering the repayment and the median scheduled payments have increased by about 24 percent now.

That just makes budgeting and paying down student debt even more difficult. I also hear a lot about the long-term goals and how to offer certain financial wellness benefits to their employees. So, for example, should they offer student loan repayments, or should they offer the student loan retirement match, or do they currently have a tuition reimbursement plan that they need help with administering?

There's a lot of different topics just depending on who you're talking to, but the student loan retirement match piece has been a very hot and popular topic this year with the passing, the recent passing of the Secure Act 2.0. So, I expect many more conversations and work to be done in that area.

Dawn McPherson: Jennifer and I feel like we've been talking about Secure in our sleep, but Secure 2.0, as you mentioned, brought the student loan and emergency savings conversations into the retirement plan space, and that’s because, as you brought up the emergency savings, there were two main provisions, both optional in SECURE, that allow employers to automatically enroll participants into a type of sidecar account that's for emergency purposes that's attached to their retirement account.

So, it's as if they're deferring to their retirement plan. And then the second change under the emergency savings umbrella allows retirement plan participants to actually take a withdrawal penalty free of up to $1, 000 from their retirement savings per year to cover emergency expenses.

And then there's the student loan repayment, which I think is huge. We've been talking about for years the conflict that many employees face, which is, Do I pay down my student loan debt that comes at a high cost with the interest rates, or do I participate in my retirement plan? And if I don't participate in my retirement plan, then I'm missing out on some of this employer contribution, which is...

And so Secure 2.0 has brought that provision beginning in 2024. Employers have the option of matching qualified student loan repayments as if that employee were contributing to a qualified retirement plan. So, all of that to ask the question, what is Candidly doing to support these provisions specifically?

And then how do you think that's going to move the needle?

James Sheridan: So yeah, I think first of all, they are, these are like very big problems, right? The student loans and how that affects retirement and, of course, emergency savings. These are two of the biggest things. I just love that this Secure Act is addressing that, but what we're doing with Candidly is, I think, really just trying to build solutions and products that help our partners in the retirement plan space to seamlessly integrate these solutions.

And I think the other part of it that's going to be really important is to actually help the employees, who might not be as familiar with these things as we all are, right? To really understand what these benefits mean and how to best take advantage of them for their situation. I think Candidly is definitely trying to connect all those dots between emergency savings, student loans, retirement...

Jennifer Doss: I'm glad you're both on the call from different perspectives. Amber, you're talking to the employers, maybe directly, and James, you're talking to the individuals that are calling in, and you guys probably know this, and we know this from some of our own wellness programs that we have.

Yeah. You can have the best benefits in the world and people can implement all these Secure Act provisions. But if employees and participants don't know about them or don't know how to use them properly, then you're not really moving the needle, like Dawn was saying. So, I think we should work together to figure out how do you educate the employees.

Dawn McPherson: I think it'll be really telling when we're able to start showing some metrics around who's adopting and how they're implementing some of these provisions.

Let's pivot to your role, James. You work directly with employees and handle coaching them based on their unique situation. What does a typical conversation with a student loan borrower look like?

James Sheridan: They come in all different varieties, and people come to us in a variety of different states. Some people might be in the camp of "I haven't looked at this in the past three and a half years. I have no idea what's going on."

There's all these updates and changes. What's going on? What can I do? Some people are... maybe a little bit more informed and have some background, but they're trying to figure out the answers to maybe some specific questions or some big decisions that they have to make around their debt.

And then some people actually already have a pretty good idea of what they want to do. They're just looking for some reassurance and confirmation, wanting to make sure they're not missing anything. But yeah, we, really, we're just trying to make sure they understand where they're at currently, what their situation is, what their options are moving forward, especially with all the different things that are going on in the current environment, try to align with them on what the best option is and what the best path forward is.

And then I think another big key to it is just helping them make sure they understand exactly what steps they need to take to implement these different solutions and how to help them finish that process. We're really with them the whole step of the way, and of course, we want to end up hopefully saving people some money and also reducing that stress, giving people some more peace of mind as well.

Jennifer Doss: Yeah, that's great that you guys stay with them the whole way and used a phrase I think that we use internally too when we're talking to participants, which is you just meet them where they are They're gonna be at different stages. You're gonna come into that conversation at different points along the road. But just knowing where they are and then being able to address it and also their level of understanding, right?

"Do you understand your situation?" "Do you know what's happening?" Those are all really important. So, James, I think typically when we think of student loan borrowers, we think of them as really early in their career, just out of college, just entering the workforce. But I guess what is the typical person who needs help in this area that you're talking about?

What does that person look like? Is it the person that just graduated?

Amber Moulder: Our Candidly data science team has gathered a diverse range of data points and, surprisingly, as James said, our stats show that the age group with the highest average student debt ranges from the ages of 35 to 49.

James Sheridan: From an emotional standpoint, we actually have a lot of people that are older, really eager to come to us because they've probably been dealing with this issue for many years, and they haven't really had a solution. So now that this solution is presented to them, there, a lot of them are very eager to take the opportunity.

Jennifer Doss: Yeah, they're like, "Where were you 20 years ago when I took out my first student loan? How come this didn't exist?"

James Sheridan: Exactly.

Dawn McPherson: And I think it's interesting to Amber that you said it affects the whole family because I believe in one of our earlier discussions, you mentioned—or it could have been James—that folks are still paying on their own student loan debt, but now they're trying to figure out how to pay on the student loan debt for their children as well, or grandchildren.

Yeah, I can attest to that personally. I went back and got my master's degree. And had student loans that I needed to pay off and right, wrong, or indifferent. I put other things before that, other costs. And I had a low interest rate and I just put my money elsewhere. And I realized I, I'm the mother of four children as well.

Amber Moulder: Three are now in college and one is a senior in high school. And so, I realized quickly that I needed to pay down my debt before, and while starting to pay down and pay on my children's educational expenses. So, the good news is mine's paid off, a similar approach to your comment, yes, where was Candidly when I really needed to tackle or crush this student debt, 10 years ago?

Dawn McPherson: I think we alluded to this a little bit earlier, but I'd like to bring it back into focus with student loan repayments, restarting again. What are you hearing both from employers and from employees?

James Sheridan: It's interesting because I think historically there's been a lack of information about how to handle student debt, and people have been left in the dark, but I think right now there's actually maybe too much information and almost like noise out there. So people see all these different things going on, and I think it's just hard for people to make sense of it So we're seeing a little bit of overwhelm where people know that there's things going on and things that they should probably be doing, but they're just not sure how to understand what they specifically need to do.

Of course, we're just trying to help simplify that process and make sure people block out the noise and just take the next best step for them.

Jennifer Doss: I forget who was telling me the other day, but so many know I'm in finance. So of course, they asked me this question. They said, aren't student loans getting forgiven? Isn't that a thing? And then what's happening? Do I really have to start paying? And so, I think there is a lot of confusion there in terms of, there's a lot of discussion around this issue, and so you might see a lot of headlines, and it's hard to gauge where you're actually landing and how it's going to affect you as an individual.

And I think that overwhelmed is a great way to put it. James. I think a lot of employers that we talked to might not know exactly how student loan debt affects their employees, unless the employees are actively calling in and engaging with HR. And so, they're aware of it. Maybe, again, they haven't been that vocal about it.

I guess what steps, just working with employers like you guys do, what steps would you recommend plan sponsors take to maybe gauge the need or the interest of their employee population?

Amber Moulder: I think it's important to create awareness first and foremost from a plan sponsor standpoint. So many of the plan sponsors I've talked to have done a few different things. For example, maybe they added or created a financial wellness benefit survey for their employees just to really better understand their employees' needs and overall, where they sit in regard to financial wellness.

Some I've seen have different lunches and learn where they talk about student debt and get some feedback and have more of a Q-and-A session. So, there's a lot of different options there, but it's really around finding out and better understanding your employees' needs. And then we have a lot of different stats and data points that we can help or add or share, just such as industry data points or competitive data points, stats around the healthcare industry or the financial institutions and different things that we can add to help that plan sponsor understand the severity and why student debt is such a big issue and why they need to help with that overall financial wellness.

Dawn McPherson: I think benchmarking is always so helpful and useful to plan sponsors in trying not only to determine how they're going to customize their benefit offering, but in measuring or evaluating how effective they're being with their employees. You had mentioned a stat earlier that told us that women hold nearly two thirds of all student loan debt.

I believe you can correct me if I was wrong on that. And I think that might surprise some people. I know you've done a lot of work in this area. Why do you think it is that women hold that high of a percentage of the debt?

Amber Moulder: The good news is that more women now than ever before are focusing on education, and this applies to different training or certifications or going back for additional schooling, not just your typical undergrad or graduate degrees, but in fact, women earn 40 percent more graduate degrees when compared to men, which obviously leads to higher student debt among women. Other factors contributing to this disparity could include higher enrollment in for-profit institutions by women and the fact that women are less likely to receive financial assistance from their parents. Additionally, the gender gap plays a role as women on average earn less, making it harder to pay off these students.

As you can see, there are many different pieces that factor into the large amounts of student debt for women. But it is great news that they are continuing that educational path.

Jennifer Doss: How you turned that around and made it a very positive message, that takes skill. So, what about, just to stay on that thread, what about minorities? How does student loan debt affect them differently?

James Sheridan: When it comes to minorities, this is actually something I'm passionate about because I get to make a difference here. I think with minorities, it's similar in some ways with women, but obviously there's a wealth gap there as well.

So, I think first and foremost, not as many resources can go towards helping to fund college in the first place. And I think another part of it is that if you think about minorities, it is probably more likely that they're there. First-generation Americans or first generation in their family to go to school.

So probably just less likely to have guidance and resources when it comes to how to navigate that whole process. And also, how to navigate it on the back end once they finish school. So, I think all those things make it a little bit trickier for minorities when it comes to student debt.

But again, the positive spin is that we're able to help a lot of those people. And, yeah, employer benefits like this, I think, are huge.

Dawn McPherson: Yeah, I'm sure it's really rewarding to see the impact you have on that front.

Jennifer Doss: We close by getting personal about each of your own plans for retirement. What else is Candidly working on that you're proud of and would like to share with us and our listeners?

A couple of things that stand out to me, I think our team specifically in the coaching realm, we want to continue to provide more resources on the college planning and the college funding side of things, help people navigate that process, which could also be quite stressful.

I'm sure Amber can attest, but, and then, yeah, I think like a lot of technology companies, in the very early stages, but we're looking at some exciting, yeah, things that like AI can do and some language learning models and trying to scale the knowledge and expertise that we have in this realm, and leverage that technology to do it.

I'm so excited for what's to come with that as well.

Jennifer Doss: I love it. The answer is always AI. We're just going to do; we're all going to AI ourselves out of jobs. That's going to be great. I'm kidding, obviously. I think, I hope. All right. So last question, and you guys can flip a coin for who goes first, but what does retirement look like to you personally, Amber and James?

James Sheridan: I think the goal is to just have AI take over my job and I'll be done in a couple of years. Now, yeah, I'm still pretty young. So, it's definitely tricky to conceptualize this. I think for me, I'm, right now, I'm just trying to focus on financial freedom, if that's, or independence, if that's the right way.

So yeah, I'm just focused on saving and I guess putting myself in a position where, once I do have a family and things like that, I'll be more flexible and not have to rely on working as much, but I'm fortunate to really enjoy what I do. So, for now, I don't really have a strong itch to get to retirement. We're a remote company too. So, we're able to travel a little bit while we work. So, I feel like I do get a taste of retirement. I'm going to Costa Rica next month. But yeah, I guess that's not the best answer, but hopefully, I'll get more clarity on that as I get closer.

Jennifer Doss: Whatever your answer is, it is the best answer. It's your retirement.

Dawn McPherson: What I'm hearing is that I work for Candidly and I'll get to go on vacations to Costa Rica.

Jennifer Doss: We got him in trouble. Amber, what about you?

Amber Moulder: I'm a little bit older than James, just a little bit, but ideally, I have about 15 years before retirement, which means I would still like to retire earlier. And I've been trying to plan and save accordingly. So, I'd like to live comfortably. I'd like to have my home and any debts paid off.

And then same with me, I'd like to be able to travel all over the world and continue to experience many different cultures. That's one of my husband and I's favorite pastimes. So, no debt, traveling and retiring early. This is my plan.

Jennifer Doss: No debt. Lots of money. Lots of travel. That sounds amazing.

Well with that I think we'll wrap this up today Amber and James, thanks for providing the different perspectives that you did and thank you for all the work that you're doing with us. Folks, I know this is like you said, a noble cause to try to crush student loan debt, and you guys are making a difference and I really appreciate that.

And thank you to all of our listeners out there that keep coming back every month. Don't forget to subscribe wherever you do get your podcasts. And if you do have any feedback or ideas that you'd like to see for future shows, feel free to pass that along too. Before we sign up, for this month, we'll pass it off to our minute with Mike.

And Mike is going to talk about required minimum distributions, or RMDs (Required Minimum Distribution), as it relates to the Secure 2.0 Act. Thanks everyone. See you next time.

Mike Webb: This month we will discuss a retirement plan provision that has been the subject of recent legislation requirement, minimum distributions or RMDs. Both the original Secure Act and Secure 2.0 had one major feature in common.

A delay on the required start date for RMDs, what was once age 70 and a half, will be age 75 by the time all the provisions of Secure Act 2.0 take effect. Could this be a sign that Congress will phase out the RMD (Required Minimum Distribution) requirements entirely someday? Possibly, though the RMD rules are a revenue source for the government, they are needlessly complicated, no doubt, resulting in complaints to Congress from seniors who have had to pay as much as a 50% penalty to fix errors in receiving such RMDs.

Although the penalty has since been reduced by Secure Act 2.0, there remains a penalty that particularly targets the retired and elderly. In addition, the rules exist to prevent a tax benefit to people who wish to pass all their assets to their beneficiaries, but those are not the people who end up paying the penalty for RMDs as those with large account balances can often afford tax advisors who will navigate them through the complexities of RMDs. In my experience, most people who end up paying RMD penalties are not wealthy at all, but people who are confused by the rules. Finally, the rules are also a major administrative issue for plan sponsors who often commit RMD errors that result in costly corrections upon plan audit.

 Thank you for listening to Revamping Retirement.