



Frequently Asked Questions

Student Loan Contribution Programs

What are Student Loan Contributions?

Student Loan Contributions offer a real solution to the growing Student Loan Debt burden on employees. Companies are now able to make additional payments toward their employees' Student Loans as a valuable new benefit. Student Loan Contribution payments made through a third-party servicer, such as Tuition.io, are applied as a secondary payment to principal saving employees additional compound interest time and dollars.

Why consider Student Loan Contributions in your benefit strategy?

The facts alone should answer this question — the National Student Debt is now above \$1.4 trillion with over 44 million borrowers and over 70% of recent graduates entering the workforce with loans projected to take them average 21 years to repay. Student Loan Debt is the number one concern for millennials, now the majority population in the workforce. Growing education cost is stifling the ability for many employees to save and plan, impacting the value of other benefits including 401(k)s and causing undue stress in the workplace.

Beyond the young professionals entering the workforce, consider the employees staying in the workforce past retirement age to continue repayment on their ParentPLUS loans (a loan taken by an employee for the benefit of their child's education). Student Loan Debt, often considered a millennial issue, is far more pervasive in the workforce than most initially assume.

How would offering Student Loan Contributions benefit the company?

It is now well documented that job seekers and employees alike highly value Student Loan Contributions. In a recent poll (502 employees between 22-33 years old), nearly 90% said they would commit to a job for five years if given assistance with Student Loan repayment (US News). Tuition.io first year clients are also showing demonstrated improvement in retention, especially with the millennial population. With the competition for talent increasing and

retention decreasing, benefits that prompt this level of interest from a majority in the workforce should be seriously considered.

How do companies design this benefit?

Plan Design is very important to the success of a Student Loan Contribution Program and Tuition.io can provide a Plan Design Checklist to assist with early discussions about eligibility criteria. There is no regulation to this offering, it can be as "discriminatory" as required. Some clients choose to implement the benefit for the whole population, some choose to offer the benefit in part driven by key strategic initiatives or some clients choose to focus on the young professionals only and exclude the ParentPLUS loans.

A recent Executive Roundtable with key Tuition.io clients including Fidelity, HP, Staples, MITRE and others determined the following benchmarks:

- A meaningful benefit ranges from \$100-\$200 per month
- Monthly contribution frequency is preferred, especially for programs targeting retention
- 6 month maximum eligibility wait period as any longer may lose new hire interest
- Maximum lifetime benefit ranging from \$5,000 - \$10,000
- Clawbacks are not necessary unless the benefit is given annually
- Consider grossing up for taxation on Contributions exceeding \$200 per month

We don't know how many employees could be eligible. How do you figure that out?

Participation often correlates to age demographics. Tuition.io current adoption ranges from 20-25% of programs with broad invitations. Specific industries such as health care have shown to have higher participation exceeding 30%. To assist, Tuition.io can perform a simple census analysis to identify a more accurate company-specific estimation. Reach out to sales@tuition.io for assistance with this exercise.



FAQs, Continued

I'm concerned that this benefit may be too exclusive to offer?

This concern is brought up by almost every client. However, the fact is, Student Loan Debt is not exclusive. With the likelihood that employees with Student Loans will be paying into their forties and not long after they may need to consider taking loans for their college-bound children, the value proposition is highly inclusive. Feedback and requests from employees to management post-launch are often from employees that have loans but do not receive the benefit due to eligibility exclusions.

Why should clients consider this benefit now?

The need to address retention is paramount in almost every organization. Extensive training and development investments may never be realized if employees continue to leave an organization for marginal pay increases. If there was a solution to extend the relationship with these employees, would it be considered a worthwhile investment?

It is becoming more clear that each industry or region will have the respective companies that benefit from the first mover advantage. In an era when differentiating your company as an Employer of Choice may mean winning or losing a key hire, Student Loan Contributions will speak volumes to the market.

Why Tuition.io?

Tuition.io, established in 2012 as the market leading Student Loan management and optimization tool for consumers, is the first company to launch Student Loan Contributions Programs as early as 2015. Tuition.io facilitates employer payments electronically to over 2,300 servicers and 16,000 institutions supporting Federal and Private loan payments equally. Tuition.io is an objective Student Loan Wellness platform for employees showing key insight for into their personal Student Loan picture and sharing valuable repayment strategy and resources. Through the management portal enterprise-level analytics on program performance and organizational Student Debt levels are easily accessible.

Extensive measures are taken to ensure data privacy and security and we have met the most stringent compliance requirements. Our unique employee loan linking process provides extensive verification to include or exclude repayment to loans in varying repayment status or ParentPLUS loans.

Tuition.io notable clients include: HP, Staples, Fidelity, Live Nation, Freddie Mac, MITRE, International Paper, City of Memphis, Children's Hospital Omaha and many more.

How quickly can we get started?

Tuition.io recommends an eight week Implementation Timeline. Great effort is made to coordinate with Information Security, IT, Communications, HR and Benefits Administration and Talent Acquisition to align with branding, messaging and integration requirements. Companies less than 500 employees may be launched with a four week condensed Timeline. Launch dates may be subject to availability during Open Enrollment season to ensure each launch is given the dedicated attention from our Partnership Success Team.

Next steps for Student Loan Contributions?

Legislative moves are being made to make Student Loan Contributions pre-tax. HR795 has significant and growing bi-partisan support by fifty co-sponsors. On Feb. 1, 2017, led by Rep. Rodney Davis (R-III.), this bill proposes to allow Student Loan Contributions pre-tax up to the \$5,250 limit, similar to Tuition Reimbursement.

Tuition.io Contact for general information or demo:

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