

RETIREMENT Times



Your Newest Employee Benefit—Student Loan Debt Repayment Assistance

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Student loan reimbursement programs are a fast growing employee benefit. Approximately 70 percent of 2016 college graduates have student loans with an average balance of \$37,000.¹ The Society for Human Resource Management reports that while only about 3 percent of employers offer this benefit, interest among employers is growing rapidly. Research also shows that a student loan repayment benefit is an attractive recruitment and retention benefit.

Employers can take a couple of approaches to help employees with student loan debt repayment. One approach is to offer student loan consolidation services. These services specialize in helping students refinance student loan debt into single monthly payments. Employers make the program available through the workplace and provide administrative/payroll services. Under a consolidation approach there is not an employer contribution being made to pay down the employee's student loan debt.

More and more companies are providing student loan repayment assistance benefits. With this approach, companies are providing financial assistance to help pay down an employee's student loan debt. Typically, the employer agrees to pay a specific amount toward an employee's student loan debt. An important item to keep in mind is that under current IRS regulations, an employer provided student loan debt repayment is taxable to the employee. Various forms of legislation have been proposed to make employer provided student loan debt repayment tax-free up to certain amounts but nothing has been enacted by Congress.



Below are a few companies that help employees pay off student loans:

Natixis Global – Pays a \$1,000 annual benefit to employees. The benefit is paid out in direct payments to the student loan servicer at \$83.33 per month. Maximum benefit is \$10,000 over 10 years.

Nvidia – Offers up to \$500 per month on student loans to a maximum of \$6,000 per year, with a lifetime maximum of \$30,000.

Fidelity Investments – Employees can get \$2,000 per year paid to their servicer for a maximum of \$10,000.

PricewaterhouseCooper – Employees are eligible to receive \$1,200 per year paid directly to the loan servicer for up to six years (\$10,000 maximum).

It is important to research student loan debt repayment services available and the type of program your company would like to offer employees. As with any new benefit, there are different variations of these programs coming to market every week.

Student loan debt is a high profile media topic. Employers are moving this benefit up on the priority list to differentiate themselves against their competition in the cut-throat quest to attract and retain great employees.

¹Wall Street Journal. *Student Debt is about to Set Another Record, But the Picture Isn't All Bad.* May 2016.

Five Ways to Expand Your Definition of “Benefits” to Include Wellness

When we think of employee benefits in today’s traditional landscape, we don’t typically include wellness within that core definition. Instead, wellness is often considered a standalone strategy. But this can be a disastrous scenario, considering how employee benefits and well-being go hand in hand. Most employees think of the two as the same and expect well-being initiatives to be included in their workday through fitness trackers, standing desks, flex time, healthy food options, etc.

As wellness becomes a standard offering, employers should embrace it as part of a benefits package. When it comes to integrating benefits and wellness successfully as one, consistency between the two is key. Annual enrollment is on the horizon; here are five steps benefits managers can take now to streamline their approach to workplace wellness:

1. Implement a Consistent Strategy.

Wellness is often viewed as reactive. For example: when claims costs go up, biometric screenings are subsequently put in place. Another example: if new data suggest chronic conditions are on the rise in a given year, incentives tied to condition management may be implemented. This reactive strategy isn’t effective or engaging, and it often leads to low participation and possibly employee resentment.

As you communicate your benefits, be sure to include communication on wellness — not only your philosophy and vision, but also tips and advice on how employees can integrate each benefit they enroll in with wellness services, perks and resources.



2. Make Eligibility Requirements Uniform.

In addition to communicating your aligned and integrated vision, philosophy and strategy between benefits and wellness, consider matching benefit plan eligibility to wellness program eligibility. For example: typically, 50 percent or more of medical plan utilization comes from spouses and dependents. This means that if your wellness objective is tied to your insurance plans, it might also be worth offering programs to your employees and their spouses and dependents.

The picture becomes more complex if the idea is to create a motivating, engaging and productive work environment. This calls for a more robust offering. Initiatives can be focused on helping support all employees and allowing everyone to participate. These would look similar to your more general benefit offerings and perks, like an employee assistance program or on-site fitness centers and sports leagues.

3. Ensure Plan Design Aligns.

When considering wellness as part of a comprehensive benefits package, it’s important to ensure that any plan design changes (especially to medical) are consistent with your wellness objectives and goals. Decisions about benefits or wellness are often made in silos, which can be counterproductive. For example: when trying to increase medication adherence for a diabetic population and remove barriers to care, be careful when

increasing general copay amounts or coinsurance across the board, which could make receiving routine care more expensive. Another example: when building a more collaborative and motivating environment focused on resiliency and stress management, sending out a dependent audit that requires all employees to collect tedious information and complete verification forms can be counterproductive because it causes employee distress.

4. Know What to Expect of Your Carriers and Vendor Partners.

In the spirit of financial wellness, never leave money on the table — especially when it comes to added services from vendors you already employ. Carriers, even outside of medical insurance, will often have wellness solutions and tools you can offer your employees, such as providing free biometric screenings. More importantly, they can provide marketing materials, statistics, benchmarks and trends to drive the program forward.

5. Provide a Consistent Line of Communication.

Employee communication is the most critical factor to success for benefits programs. Wellness and benefits should be viewed under one employee engagement brand and umbrella so employees can clearly see everything that's available. Discussing benefits and wellness in tandem will help solidify the connection in employees' minds. Wellness is multifaceted, and tips can be incorporated into various existing communication vehicles. For example: adding financial and medical wellness tips to brochures about 401(k) plans, flexible spending accounts or health savings accounts may help your employees make the connection between wellness and their lives.

Annual enrollment reminds us of all the great work that benefits managers and organizations do to enrich employees' lives. Wellness is a business imperative and a key component in any benefits program. If it's done the right way with the right intentions, it can actually bring significant "benefits" to any benefits offering.

Partial Plan Terminations—Do You Have One?

What constitutes a partial plan termination? There is a rebuttable presumption that a partial termination has occurred if 20 percent or more of the participants are involuntarily terminated. The calculation is done as follows:

1. Number of participating employees on the first day of the plan year
2. Add to this number the participating employees who entered the plan during the plan year
3. Divide the sum of 1 and 2 by the number of participating employees terminated during the year due to employer initiated actions

For further information on partial plan terminations, please visit the [IRS website](#).

Participant Corner: Financial Wellness Series—Part 4: Buying a Home

This month's employee memo is the fourth of our seven-part series on financial wellness and discusses the pros and cons of buying versus renting and paying off mortgages early. Download the memo from your Fiduciary Briefcase at nfp.com/retirement.

Purchasing a home is a big decision. There are many factors to consider. Most importantly, what is your budget? Is now the time to rent instead? How do you know?

If you do become a homeowner, what about your mortgage? Should you go full-force and pay it off as soon as possible? Or are there advantages to carrying the mortgage?

The answer is not the same for everyone. Let's take a look at factors that can help you make this decision.

Buying vs. Renting

First thing's first, can you afford to buy a home? If the answer is "Yes" to these questions, you may be on your way to home ownership:

- Are you out of debt?
- Do you have an emergency fund with three to six months of expenses, plus enough for a 10-20 percent down payment on a 15-year fixed mortgage?
- Will your mortgage payment comprise no more than 25 percent of your monthly take-home pay?

Next consider which is more beneficial. Renting may be less expensive because there are no costs for maintenance, taxes and homeowner's insurance. However homeownership may be beneficial because your mortgage will not increase annually.

Paying off the Mortgage

Congratulations, you're a homeowner! Now what?

- Should you pay it off early?
- Should you delay saving for retirement in favor of paying off the mortgage?
- Will the employer match and investment growth sacrificed be worth it?
- Should you keep the mortgage in favor of the annual tax deduction?

These are just a few important questions to consider as you assess and strategize your financial future.

Call or email your plan consultant if you have questions or need assistance.

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