BenefitEd™

Employee Choice Exclusively from BenefitEd

Offer employees a student loan repayment benefit using employer match funds — without increasing your benefits budget.

- Empower employees to manage employer-matched funds to best fit their financial goals
- Funds can be directed to student loans, retirement savings or a combination
- Compatible with all 401(k) and 403(b) retirement plans
- Companies can offer student loan repayment without a significant increase to their benefits allocation
- Implementation is simple and requires no changes to your retirement plan benefits

Scenario

Company: ABC Co

Plan Details:
- Employer matches the employee contribution dollar for dollar
- Maximum Employer Contribution: 5% total match (combined between retirement and student loan repayment)
- Employees are eligible after 6 months tenure

	John	Julio	Mary
Salary:	$60,000	$60,000	$60,000
Student Loan:	$150/mo	$250/mo	$250/mo
	John contributes 5% to his retirement plan and 3% to student loan repayment. His employer matches 5% toward his 401(k).	Julio forgoes his retirement contribution but contributes 5% toward student loan repayment. His 5% employer match is applied to student loan repayment.	Mary contributes 3% to her retirement plan and 5% toward student loan repayment. Her employer matches 3% toward her 401(k) and the other 2% is applied to student loan repayment.

		John: Retirement Plan	John: Student Loan Repayment	Julio: Retirement Plan	Julio: Student Loan Repayment	Mary: Retirement Plan	Mary: Student Loan Repayment
Employee Choice	Employee	5% $250/mo	3% $150/mo	-	5% $250/mo	3% $150/mo	5% $250/mo
Employee Choice	Employer	5% $250/mo	-	-	5% $250/mo	3% $150/mo	2% $100/mo
Annual Benefit	Employee	$3,000	$1,800	-	$3,000	$1,800	$3,000
Annual Benefit	Employer	$3,000	-	-	$3,000	$1,800	$1,200

How It Works

1 Employee Makes Their Election

Employee allocates matching dollars to a traditional retirement plan, student loan repayment, or allocates a percentage toward both.

2 BenefitEd Processes the Allocated Amounts

We compute your payroll deductions and employer match to determine the contributions to student loans, based off of the rules you have in place for your retirement plans. You send payment for the cumulative amount, then we process and apply payments to each employee's loan.

3 Available Amount Is Same As Current Matching Dollars

Total amount available for employer match is governed by your company's existing retirement plan. There's no increase in terms of dollars currently allocated toward matching benefits.

Employee Choice FAQS

Here are a few commonly asked questions about Employee Choice

Do I need to amend my Retirement Plan Summary Plan Document?

No. The student loan repayment and 529 plan contribution program is a separate and distinct service from your Retirement Plan and no updates or modifications should need to be made to your Retirement Summary Plan Document (SPD).

Does the Student Loan Payment or Employee Choice service become part of my Retirement Plan?

No. They are separate and distinct services. However, you may distribute the employer contributions between the two programs and implement a cap by aggregating total employer contributions within both offerings. The Retirement Plan participation and related employer match are separate from Employee Choice and the related student loan payment offering.

If our Retirement Plan is a safe harbor plan, what is the impact of also offering Employee Choice?

Employee Choice will not affect your Retirement Plan or its qualification as a safe harbor plan. Any employee contributions directed to the Retirement Plan will have a company match, in accordance with your Retirement Plan documents. If you offer Employee Choice and there are company match dollars available to be contributed to the Student Loan Repayment program, they will be deposited accordingly.

I read recently about the IRS allowing employers to contribute to an employee's retirement plan if the employee instead pays off their student loan. Is that true?

Yes, the IRS has allowed a taxpayer to amend their retirement plan and provide for this exception. It is important to note that this program is different from Employee Choice in a few ways:

- The IRS PLR requires amending your current retirement plan documents. Employee Choice does not.
- With Employee Choice, contributions can be made to student loans in addition to retirement savings. Only Employee Choice gives employees an option to accelerate loan payoff and recoup interest savings. And BenefitEd will help you track your employee's payments to their student loans through payroll deduction.

Learn more at YouBenefitEd.com or contact us to get started.

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BenefitEd is a joint venture between Ameritas and nelnet.