Employer Student Loan Repayment Assistance Frequently Asked Questions

What is Employer Student Loan Repayment?
Student loan debt has become such a huge national issue, especially for young professionals, that many employers want to help their employees reduce their debt and stress level by helping them pay off their loans sooner or reducing their monthly student loan payments.

RISLA will provide full administration of this benefit program including counseling of employees on what education loans they should pay off first and transmitting the individual payments to the right servicer to be applied to the right loan.

Is Employer Student Loan Repayment a good recruiting and retention tool?
Employers have found that employer repayment assistance is also a great recruiting and retention benefit. “Several companies say their programs have proven to be an effective recruitment and retention tool, particularly in this tight labor market.” Source: Why More Employers are Helping Workers Pay off Student Loans, CBS News.

What employees are eligible to receive this benefit?
The employer determines:

- Employee eligibility requirements
- Monthly or quarterly contribution amounts (typically $100 to $200 per month).
- How long the benefits will continue for (typically two to four years) or the maximum lifetime dollar benefit.

Are employer contributions really tax-free to the employee?
Yes, under the Cares Act employer repayment contributions are tax free to the employee if made from the date of enactment and before January 1, 2021, subject to certain limits. The annual tax-free limit is $5,250 for the combined total of any tuition payments made on behalf of the employee AND any student loan repayment assistance payments.

A number of officials in Washington believe that the tax-free status will be extended or made permanent, but that is not certain.

What type of reporting is required to the IRS for this benefit?
Currently, employers do not have to issue 1099s or include the benefit in the employee’s W-2 for payments made from the enactment of the Cares Act to before January 1, 2021.

What resources will be required from our Human Resources or Payroll Departments?
Beyond the initial set up of the program, very little will be required from your Human Resources and/or Payroll departments other than approving or removing participants from the program as needed.
needed. RISLA will provide counseling, onboarding and telephone/email support for all eligible employees. Additionally, an administrator portal will be provided for all tracking and reporting purposes for your HR and/or Payroll professionals. Additional support will be provided to your primary contact or administrator by a RISLA Client Support Representative for any assistance needed beyond the admin portal.

What is the implementation schedule and process to begin offering this program?
Implementation for this service takes approximately 3-4 weeks. This process begins with an implementation kick-off call with your Human Resources and/or Payroll administrators and the RISLA Client Support Representative, in which we will outline all deliverables and timelines. Deliverables include:

- Defining which employees will be eligible
- Defining how much student loan employee assistance will be provided
- Defining primary company contacts and administrative users
- Building and branding of your customized admin and employee portal
- Review and approval of the communication plan and materials to inform employees of this great new benefit
- Training on the administrator portal
- Providing your go live date

What materials or resources will be available to inform employees of this program?
RISLA has prepared a menu of outreach communications for your review and approval. These materials include introductions to the program, how-to informational sheets, on-site facilitations (upon request), and monthly email confirmations of payments made to participating employees.

Additionally, as part of our service to your employees, our loan specialists can:

- Help employees understand and manage their student loan debts by aggregating all of the information in one place
- Guide them as to which loans they should refinance and which ones they should not
- Help employees develop a strategy as to which loans should be paid off first – each individual’s situation can be unique
- If applicable, review the requirements to qualify for Public Service Loan Forgiveness and other federal loan benefits with employees and provide action plans

How will employees track payments?
Employees will have secure access via login to your company branded portal showing all payment transactions made by you on their behalf. Additionally, employees will receive
monthly payment confirmation notifications keeping them up to date on the progress being made by you to reduce their student loan debt.

What is the process for approving or removing an employee?
At any time during the month before the scheduled disbursement is made, your HR or Payroll designee will be notified of new employees that have signed up to participate in the program. If you determine they are eligible, just click the “Approve” box.

Previously approved employees can be deactivated by clicking the “Remove” button next to their name. Additional assistance can be provided by a RISLA Client Support Representative if needed.

What is the industry standard contribution?
As this financial wellness benefit is being offered by an increasing number of employers, there are various approaches and amounts for assistance. Contributions have been noted to start as low as $50 per month and up to $200 per month. Companies also take varied approaches to the limits of the benefit, as some utilize a time frame limit (between 2 and 5 years) while others utilize a dollar amount limit per employee. Lastly, there can be a variation of eligibility, beginning as early as the hire date or a minimum time of service before becoming eligible for the benefit (such as after a minimum of six months of employment). But whatever approach you would like to take, we can implement for you.

Are there any alternative programs to help with student debt if employer contributions towards student loan repayment is currently not part of our employee benefit package?
Yes! If employer contribution for student loan repayment is not currently in your benefits expense budget, RISLA would still be happy to partner with you. RISLA offers refinance benefits to exclusive employers through our student loan refinance program. Refinancing can reduce an employee’s current interest rates, change the repayment term, streamline and clarify monthly repayments, and/or reduce their monthly payments.

How can our organization get started?
Request a demo or consultation at info.risla.com/request-a-demo. We will reach out to you to schedule an onsite meeting or conference call to answer any additional questions or concerns you may have.