



FIDUCIARY EDUCATION

UNDERSTANDING STUDENT LOAN MATCHING PROGRAMS

Help employees improve
financial wellness while
building retirement savings.

**Americans making student
loan payments have 36% less
saved for retirement than those
without this financial burden.¹**

AVERAGE MONTHLY
STUDENT LOAN
PAYMENT:²

\$203

POTENTIAL
RETIREMENT SAVINGS
IMPACT:*

\$535,945

* Calculation based on \$203 monthly investment over 40 years at hypothetical 7% annual return.

POWER UP RETIREMENT SAVINGS WHILE PAYING DOWN STUDENT DEBT

Transform your benefits package and foster financial wellness with a student loan matching program—an innovative solution that helps employees tackle paying off student loans while saving for retirement.

HERE'S HOW IT WORKS

- Employees make their regular student loan payments.
- Employers match those payments with contributions to their retirement accounts.

Attract and retain top talent

40% of employees would change jobs for better benefits.³ Student loan matching can help you stay competitive, especially with Millennials and Gen Z.

Boost financial wellness

Help employees achieve two goals at once: paying off loans and saving for retirement. Less stress means higher productivity and retention.

STUDENT LOAN PAYMENT

EMPLOYEE STUDENT LOAN PAYMENT:

\$250/MONTH

EMPLOYER MATCH:

**\$125/MONTH ADDED TO
RETIREMENT PLAN**

ANNUAL EMPLOYER CONTRIBUTION:

\$1,500

GROWTH POTENTIAL

AFTER 10 YEARS:



* Assumes 7% annual return and \$125/month employer contributions. Actual results will vary.

www.omnicalculator.com/finance/compound-interest

IRS GREEN LIGHT (NOTICE 2024-63)

Starting in 2025, employers can contribute to retirement plans based on employee student loan payments. Below are the key provisions and requirements for compliance and effective implementation.

KEY PROVISIONS AND REQUIREMENTS

Qualified student loan payments

- Payments must meet specific criteria to be considered "qualified" under the program.

Applicable plans

- The program applies to the following retirement plan types:
 - 401(k)
 - 403(b)
 - Simple IRA
 - 457 plans

Employer matching contributions

- Employer contributions must be aligned with employee student loan payments.
- Employers can only match up to a defined percentage or dollar limit.

Eligibility requirements

- Clear criteria must be established to determine which employees are eligible to participate.

Employee certifications

- Employees must certify that their student loan payments are valid and meet program requirements.

Plan document updates

- The retirement plan document must outline how the student loan matching program operates, including:
 - Verification processes
 - Contribution tracking procedures
 - Reporting requirements

Nondiscrimination testing relief

- Plans offering student loan matching contributions may benefit from specific nondiscrimination testing relief for compliance.

Plan amendments

- Employers must amend their plan documents to include the student loan matching provisions.
- This requires consultation with a third-party administrator (TPA) or legal expert regarding compliance with regulatory standards.

These provisions outline the framework for integrating student loan matching into retirement plans, providing employees with dual financial benefits while maintaining regulatory compliance.

ADMINISTRATION AND OPERATIONAL PROCESSES

Efficient administration is necessary to implement and manage a student loan matching program. Here's a breakdown of key steps to streamlining operations and maximizing employee engagement.

Employee participation

Enrollment

- Create a user-friendly enrollment process (online or paper) with clear instructions for employees.
- Require employees to submit annual certification of their student loan payment status.

Verification of payments

- Partner with a third-party administrator (TPA) or recordkeeper to validate student loan payments.
- Accept proof of payment, such as loan statements, payment receipts, or lender-generated reports.

Employer actions

Tracking contributions

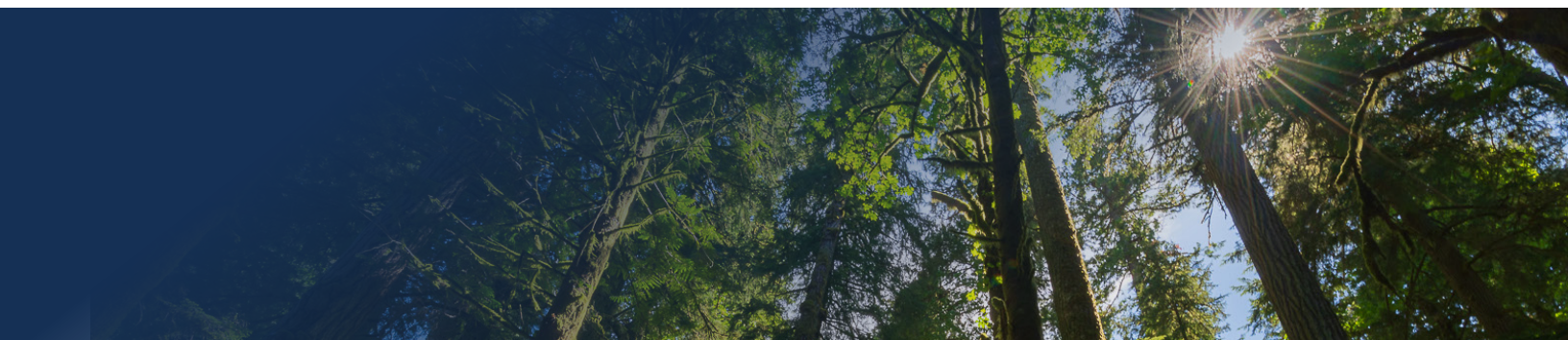
- Collaborate with payroll providers or TPAs to handle loan payment validation.
- Automate employer contributions to retirement accounts once employee loan payments are verified.
- Sync payroll and recordkeeping systems to reflect real-time contributions seamlessly.
- Explore fintech solutions specializing in student loan benefits administration to simplify processes and improve efficiency.

Promote the program

- Provide employees with regular updates on employer contributions and retirement statements to keep them informed.
- Use targeted campaigns, such as emails, webinars, and flyers, to announce and explain the benefit.
- Highlight the dual impact of reducing debt and building retirement savings to emphasize the value to employees.

Provide ongoing support

- Offer access to financial wellness tools and resources to help employees manage their finances effectively.
- Include retirement projections to illustrate the long-term growth potential of matched contributions, motivating participation.





By following these steps, organizations can effectively implement and manage a student loan matching program that can deliver both operational efficiency and meaningful benefits to employees.

Before implementing a student loan matching program, consider:

1. Does a student loan matching program align with your workforce demographics and organizational goals?
2. Would it make sense to add a program to an existing retirement plan (consider administrative complexity and associated costs)?
3. Student loan matching programs aren't a one-size-fits-all solution. Are there alternative solutions that may be more appropriate to help address financial wellness?



READY TO TRANSFORM YOUR BENEFITS?

1. Assess your workforce needs and budget.
2. Align with your benefits strategy and goals.
3. Connect with a financial professional.



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- ¹ Copeland, Craig et al. "Student Loans and Retirement Preparedness." Employee Benefit Research Institute. Feb. 2024.
- ² Horymski, Chris. "Average Student Loan Payments to Top \$200 Once Resumed." Experian. Jun. 2023.
- ³ Willis Towers Watson. "2024 Global Benefits Attitudes Survey." Jun. 2024.

This information was developed as a general guide to educate plan sponsors and is not intended as authoritative guidance or tax/legal advice. Each plan has unique requirements and you should consult your attorney or tax advisor for guidance on your specific situation.

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