



Innovative

# MYTH SERIES

**#12**

**I CAN'T OFFER A STUDENT  
LOAN BENEFIT IN MY  
RETIREMENT PLAN.**

# MYTH #12: I CAN'T OFFER A STUDENT LOAN BENEFIT IN MY RETIREMENT PLAN.

## THE PROBLEM:

With student loan debt reaching astronomical numbers, employers are increasingly looking for ways to add student loan assistance programs to their benefits packages. And with more than 70 million millennials comprising 50% of today's workforce, the lure is huge.

Smart employers are offering repayment programs for two main reasons. One is to assist millennials who are unable to save enough for retirement, and two, support their recruiting and retention efforts.

While current student loan repayment programs can relieve financial stress, they do not offer tax benefits to employees. However, a recent IRS Private Letter Ruling allowing a major pharmaceutical company to add loan repayment benefits to its 401(k) plan has sparked interest in this approach.

## THE SOLUTION:

Several clients have approached us for guidance on designing a solution that aligns with the IRS ruling. Innovative has consulted with our ERISA counsel as well as qualified plan auditors and believes employers can follow this private letter ruling as long as the plan continues to meet ERISA guidelines.

It is important to evaluate how any benefit change will affect testing on existing plans. We suggest that companies first survey current and/or prospective employees to determine whether there is enough demand to justify the cost of adding loan payment benefits. The second step is to consult a knowledgeable advisor who can review your existing situation and develop a feasible solution that meets ERISA guidelines. Any plan changes should then be approved by your legal counsel and auditors.

Adding student loan repayment to a qualified plan is not the right solution for everyone. If you are considering this enhancement, contact Innovative to discuss your specific situation and objectives.

## FAST FACTS

- Applies to any size organization that sponsors a qualified retirement plan
- Option not restricted by plan demographics, number of participants, plan assets, for-profit or non-profit, etc.

## HOW IT CAN HELP THE COMPANY:



Enhances employee recruitment and retention, especially when hiring millennials



Improves financial wellness for employees burdened by student debt



Innovative  
BENEFIT PLANNING

**PARTNERING WITH YOU TO PROVIDE SOLUTIONS**

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