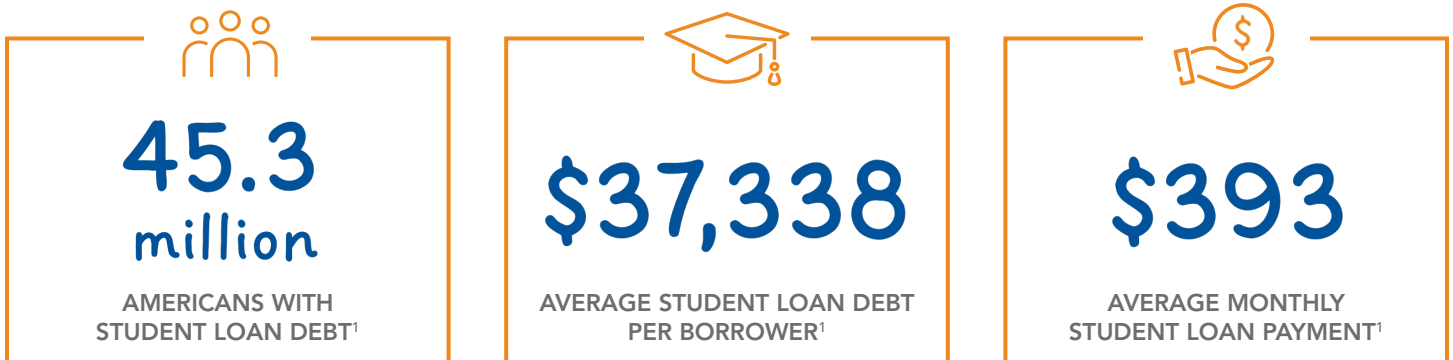


WHAT YOU NEED TO KNOW:

Student loan payments resuming

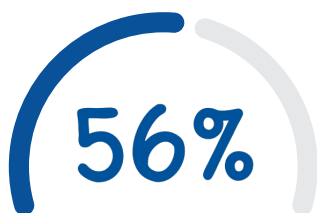
Payments on federal student loans will resume in October 2023

The moratorium on student loan payments and interest that has been in place for over three years is ending. Effective September 1, 2023, interest will start accumulating on student loan debt and borrowers will have to restart payments in October. The U.S. Department of Education will notify borrowers before payments restart and loan services should provide borrowers with billing statements or notices at least 21 days before their first payments are due.



Financial stress has a cost in the workplace

Employees already strained by rising costs will have to make room in their budget for student loan payments. Employers are starting to understand that when their workers are financially stressed, everyone pays the price. Research shows there is a direct impact on their health and productivity in the workplace.



of stressed employees spend three or more hours per week at work dealing with their finances²

This totals to **almost three weeks of lost productivity** over the course of a full year

¹ "Average Student Loan Debt" EducationData.org, May 22, 2023

² Source: PwC's 2023 Employee Financial Wellness Survey, January 2023

How can you help employees?

1

Match student loan payments with retirement plan contributions

The NEW SECURE 2.0 Approach

- On December 29, 2022, the SECURE 2.0 Act was signed into law.
- SECURE 2.0 permits employees to pay their student loans rather than contribute to a 401(k), 403(b) or 457 plan and still receive employer-matching contributions. These contributions must utilize the same matching formula and vesting as regular employee elective deferrals.
- Available for plan years beginning on or after January 1, 2024.
- Awaiting additional guidance from the IRS.

2

Contribute directly to employees' student loan debt

- Permits significant flexibility as to how the benefit is structured and who it is offered to – you are not tied to the retirement plan matching formula.
- Requires new budget for employer student debt payments/contributions.
- Through end of 2025, employers can make tax-exempt payments of up to \$5,250 per year per employee for eligible education expenses such as student loan assistance and tuition assistance (non-discrimination testing applies).

3

Offer tools to help manage student loan debt but do not make actual contributions

- Generally, no/low cost to offer.
- Allows employees to see all loans, gameplan various re-payment strategies and explore potential forgiveness programs or income driven repayment plans such as:
 - **Public Service Loan Forgiveness (PSLF)** for non-profit and governmental employees.
 - The new **SAVE income driven repayment plan** recently announced by the Biden administration available to all employees.
- Employers can also consider leveraging unused PTO balances and 529 savings.

How USI Consulting Group (USICG) can help

USICG has a team of experts to help you navigate the SECURE 2.0 Act's many provisions – as well as the above student loan options, including:

- **Working with retirement plan sponsors (and recordkeepers)** to help identify plan design and documentation needs in partnership with employers' HR and legal teams.
- **Implementing a tracking process to ensure provisions are reflected** in plan procedures and documents over time as directed by Treasury and IRS.
- **Enhancing existing retirement plan design.**
- **Developing an employee education program** to help them understand the value of saving, drive retirement plan participation, increase contributions and improve retirement readiness.
- **Creating and executing a successful financial wellness program** to help employees with a variety of financial challenges, including staying on track for retirement.

If your current financial professional is not educating you on how the new SECURE 2.0 Act provisions can benefit your employees, please allow us to provide a complimentary review of your plan. To learn more, please reach out to us at information@usicg.com.

Connect with us today | information@usicg.com | 860.633.5283 | usicg.com | [in](#)

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