



# Retirement Times

May 2020

## Should your Company Implement a Student Loan Assistance Program?



The simple answer is yes! By doing so, you'll attract, retain and engage top college-educated talent at your company.

Twenty-six percent of the U.S. workforce and 69 percent of 2018 college graduates are encumbered by student loans, with the national total student loan debt total climbing steadily towards \$1.6T. Student loan assistance has quickly become the #1 benefit desired by college-educated talent. For many, getting out from under student debt is a more meaningful accomplishment than:

- Graduating college
- Getting their first job
- Receiving a promotion

When employers offer student loan assistance, they quickly notice three improvements:

### **They Hire Top Talent 13 Percent Faster**

The Bureau of Labor Statistics reports<sup>1</sup> that August's U.S. unemployment rate was 3.8%, and college-educated unemployment<sup>2</sup> was even lower at 2.0%, continuing the trend where unemployment rates have reached their lowest point in over 50 years.

In today's highly competitive market for talent, offering student loan assistance as a benefit is the best way for employers to attract the right people, and fast. The Millennial Benefit Preferences Study<sup>3</sup> found that 85 percent of respondents would accept a job offer if student loan repayment was included.

### **Employee Tenure Increases by 36 Percent**

Job hopping is high and replacing talent is expensive and time-consuming. Recruiters must spend both time and money on finding the perfect replacements, and there is often a decrease in overall company productivity after an employee departs.

Employers who make contributions to workers' student debt engage them in a meaningful way, and in turn, save on costs of recruitment and turnover.

### **Gender and Cultural Diversity Improve**

Did you know?

- ⅔ of student debt is held by women
- African Americans and Hispanics, on average, hold two times more student debt than their white peers

Companies that help pay down student loans can capitalize on a unique opportunity to engage these often underrepresented groups and accelerate the positive impact of gender and cultural diversity within their workplace and beyond.

*Peanut Butter is a benefit administration firm built from the ground up to help employers attract, retain, and engage college-educated talent by providing student loan assistance. Are you ready to offer the benefit that 33% of U.S. workers (and 55% of Millennials) are calling a "must have?" Visit [getpeanutbutter.com](https://www.getpeanutbutter.com) today to get started.*

1. <https://www.bls.gov/news.release/pdf/empsit.pdf>
2. <https://www.bls.gov/news.release/empsit.t04.htm>
3. <https://www.getpeanutbutter.com/download-millennium-benefits-study/>

## Complying with ERISA 404(c)



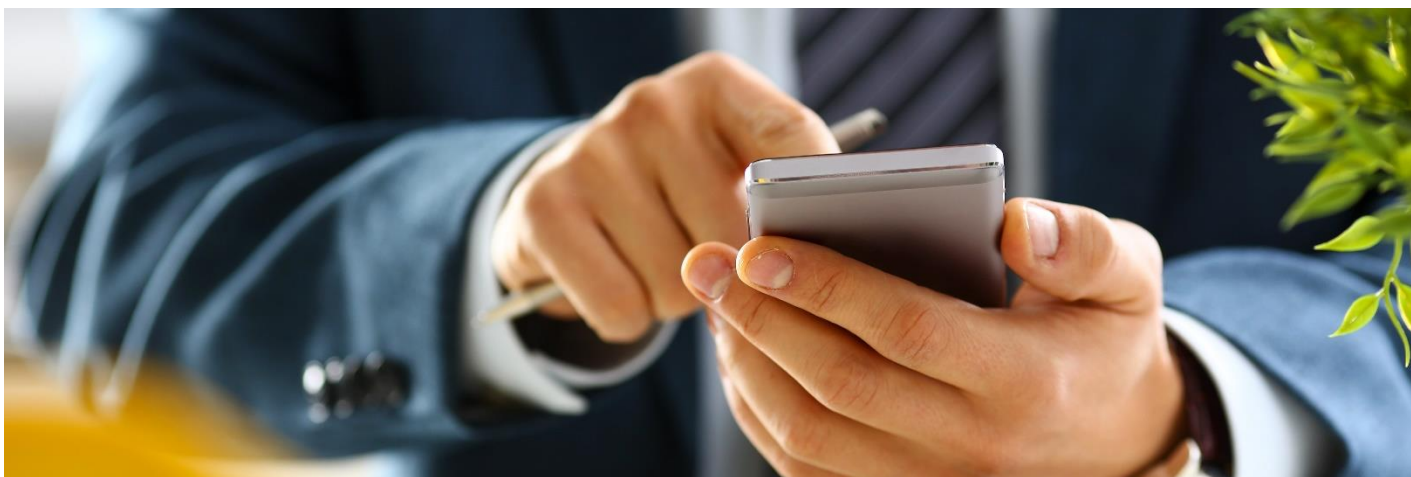
According to ERISA, plans intending to comply with 404(c) must ensure that participants: Have the opportunity to choose from a broad range of investment alternatives (which are adequately diversified); may direct the investment of their accounts with a frequency which is appropriate; and can obtain sufficient information to make informed investment decisions. The plan sponsor must provide annual written notification to participants with its intent to comply with 404(c), and be able to provide the following:

- Information about investment instructions (including contact information of the fiduciary responsible for carrying out participant investment instructions);
- Notification of voting and tender rights;
- Information about each investment alternative; and
- A description of transaction fees and investment expenses.

Compliance with section 404(c) of ERISA protects plan fiduciaries from liability for losses that result from the investment decisions made by participants. Conversely, failure to comply with 404(c) could result in liability for losses due to poor investment decisions made by plan participants. To comply with some of the important requirements of 404(c), you should execute a formal 404(c) policy statement and employee notice and send the notice at least annually to all employees.

For more information on complying with ERISA, contact your plan advisor.

## Are You Ready for an Audit?



Several events can trigger a DOL or IRS audit, such as employee complaints or self-reporting under the annual submission of the Form 5500. Oftentimes an audit is a random event, which is why you should always be prepared. Listed below are several key items typically requested in an initial letter sent by the IRS or the DOL in connection with a retirement plan audit. These items should be readily accessible by the plan administrator at all times the plan is in operation.

- Plan document and all amendments
- Summary plan description
- Investment policy statement
- Copy of the most recent determination letter
- Copies of Forms 5500 and all schedules
- Plan's correspondence files (including meeting minutes)
- Plan's investment analyses
- ADP and ACP testing results
- Most recent account statements for participants and beneficiaries
- Contribution summary reports (i.e., evidence of receipt of these monies by the plan's trust)
- Loan application, amortization/repayment schedule (for all loans)

If you have questions about preparing for an audit, or need plan design review assistance, please contact your plan advisor.

This material was created to provide accurate and reliable information on the subjects covered but should not be regarded as a complete analysis of these subjects. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation.

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