iontuition™

Standards for Student Loan Guidance & Contribution Programs

A resource for employers, brokers, schools, and member associations.

2018–2019

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Introduction

The American student loan debt is estimated at $1.5 trillion, making it the largest form of household debt after mortgages. People of all ages are carrying student debt, and each new generation carries a greater burden.

In order to bring relief to the college educated working class, organizations are starting to offer student loan repayment assistance programs. Because this employee benefit is still evolving, there are high levels of variance between program types and vendors implementing these benefits.

The *Standards for Student Loan Guidance & Contribution Programs* serves as an evaluation tool for employers, brokers, schools, and membership organizations to describe the ideal conditions of a student loan repayment assistance program.

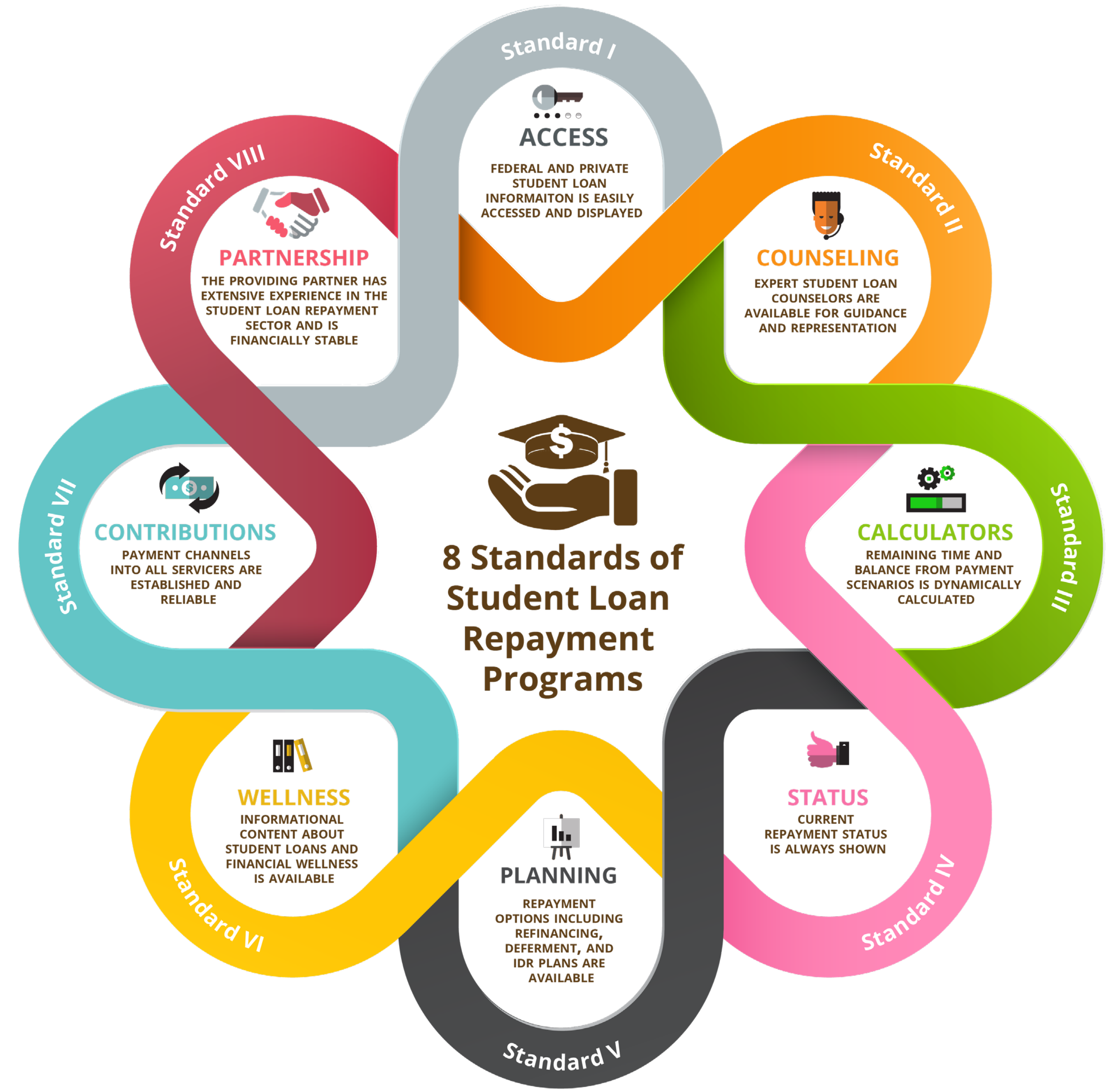
Organizations that are already successfully providing student loan guidance and contribution benefits are setting the standard for what should be included within a student loan repayment program. Companies offering student loan repayment benefits experience greater recruitment of new talent and better retention of highly valued staff.

Overview of Standards

Student loan repayment benefit programs come in several forms and go by multiple names, such as *student loan repayment assistance*, *student loan guidance & contributions*, and *student loan assistance benefits*. No matter the title of the program, the goal of a student loan repayment benefit is to help participants pay back their higher education debt through contribution matching, management tools, and/or other resources that improve the participant's capacity to maintain, organize, repay, and master student loan payments.

Student loan repayment programs fall under the financial wellness umbrella as they are a benefit that improves participants' financial wellbeing. Student loans are unique form of debt because the borrower can't be faulted for accumulating a high balances. College students are rarely wage earners and in the American higher education system the more expensive schools are often considered more prestigious. Borrowers with high amounts of student debt didn't accumulate those balances by being fiscally irresponsible or borrowing beyond their means, they accumulated that debt to increase their chances of landing a good job.

If a company depends on job applicants with college degrees, and if the decision makers hold any stock in the type of school their workers attended, than those companies should be aware that their people are likely to hold high student loan balances of no fault of their own. This places a responsibility on the employer to help their staff repay the student debt for the degree they need to work at that organization.



Standard I: Access

The first step to helping the benefit participants manage student loan repayment is to present their current total student loan debt situation from all of their servicers. This process must be simple and require very little effort from the user. A good student loan repayment program has a method for automatically pulling and refreshing information from federal and private student loan servicers.

The ability to import and refresh student loan information is necessary for the participant to understand their current repayment situation. Since student loans are typically disbursed twice in a school year, and a college education typically takes four years or more, graduates that were awarded financial aid every year in school could have ten or more disbursements to manage and repay. In addition to multiple disbursements, many borrowers also hold loans from several servicers. The nature of changing schools or seeking additional financial aid results in multiple lenders and servicers, creating a necessity for program to manage a person's student loans with one platform.

Organizing all of a participant's student loan information is the top priority of a student loan repayment program, and hence, the first standard in this document. By presenting all of a borrower's loan and servicer information on one platform, the student loan repayment program becomes the main tool to monitor and track the borrower's student loans and help them take control of their repayment.

Evaluating Access

The student loan repayment program platform has the ability to present and automatically refresh federal and private student loan details and servicer information. Participants need to access student loan information such as disbursement dates, current balances, interest rates, and contact information for each their servicer(s). The platform should also contain all necessary contact information for all of the participant's student loan servicers including phone numbers and billing addresses.

Security Concerns for Access

With any digital platform containing financial service, cyber security is a top concern for protecting people's personal information. Many student loan repayment programs access student loan information by asking the user to use their student loan servicer's credentials such as a login and password for private loans or their FSA ID for federal loans. No matter the method, the borrower's information needs to be encrypted and inaccessible on the provider's side. Make certain that the student loan benefit provider contains bank or government level security over their platform.

Evaluation Criteria for Access

The platform allows users to manage their **federal** student loans from the following servicers:

- Nelnet
- Great Lakes Educational Loan Services
- Navient
- FedLoan Servicing (PHEAA)
- MOHELA
- HESC/EdFinancial
- Cornerstone
- Granite State - GSMR
- OSLA Servicing
- Debt Management Collections Systems

The platform **automatically refreshes** student loan information

The platform shows **disbursement dates** for all student loans

The platform includes all **dates** for when student loans entered repayment

The platform allows users to manage their **private** student loans with access to a minimum of **10,000 private lenders and servicers**

The platform identifies and displays the **types of student loans** for the following:

- Direct Subsidized Stafford Loans
- Direct Unsubsidized Stafford Loans
- Direct Consolidation Loans
- Perkins Loans
- FFEL Loans
- PLUS Loans
- HEAL Program Loans
- Private Education Loans

Standard II: Counseling

Each borrower has a unique student loan situation requiring a human touch to provide proper guidance. Any platform boasting a “one-size-fits-all” approach isn’t realistically anticipating the problems that arise when administering a student loan repayment program. Each borrower has a slightly different financial background and only trained student loan counselors can properly guide them into the most appropriate student loan repayment plan.

The student loan counselors need to have access the borrower’s student loan information. This is very important so the counselor can quickly provide help without asking the borrower for their loan details. Participants should be able to contact counselors on a predictable schedule through phone, web-chat, or in-person.

Evaluating Student Loan Counseling

A growing trend in voluntary benefits are “concierge-level” services. Employee benefits are intended to improve the well-being of a company’s workforce as well as showing employee appreciation. Benefits that offer a personalized service are growing in popularity as more lifestyle-focused packages develop. Concierge services provide employees with a more bespoke benefit that better meets their needs. The student loan counselors should operate on concierge-level service and provide targeted guidance and counseling. These counselors should have some training in financial wellness to get a better sense of a person’s financial situation to understand why they’re struggling with their student loan payments.

Security Concerns for Counseling

Counselors should be working from a controlled, security-audited call center with call monitoring and a standard set of security controls in place. The counselors not only need to present trustworthiness from the user’s point of view, they need to be vigilant with the people they’re communicating with. Account verification methods such as the person’s last four digits of their social security number are common controls, but they need to be overseen to ensure credibility on both ends. Make certain that the student loan benefit provided as an independently audited controlled call center.

Evaluation Criteria for Counseling

The platform includes student loan counselors that are available through:

- Toll-free calling
- Web-chat
- Email
- In-person

The student loan counselors can **view participant student loan information.**

The counselors can connect participants directly to their student loan servicers through **3-way calling** to facilitate repayment changes and help answer questions

The student loan counselors are trained and/or **certified in financial education**

Standard III: Calculators

The ability to calculate and display the total balance, current monthly payment, and projected student loan payments is necessary for a dynamic and interactive student loan repayment program. A student loan repayment program should improve the borrower's current repayment plan, and in order to determine if a new plan is effective there must be a tool for calculating future balances or payment amounts.

Calculators are necessary to show the positive impact of an employer contribution program. When employees log into their contribution portal they should see the cumulative totals from their employer contributions. The calculator should clearly determine how much time is saved from the additional payments as well as the total amount of interest saved.

Evaluating Calculators

The calculations made on the student loan repayment platform need to accurately calculate and display the total balances and payment amounts for all of the user's student loan information. The platform should provide the same functions as the servicer's website plus much more.

Security Concerns for Calculators

For the most part, calculators pose little security risk to the end user unless the calculator asks for sensitive information and relies on that content without security in place. There should also be controls over the integrity of the calculation process and final results. Over-promising or miscalculating payoff time or payment amounts could present a risk of fraudulently directing users to enter plans that are not a good fit. Certainly, tight controls should be placed over any type of "qualification" calculator that push people towards repayment plans or refinancing options.

Evaluation Criteria for Calculators

The platform calculates **total balance** of all student loans

The platform calculates the **current monthly payment**

The platform calculates the **average interest rate** for all student loans

The platform calculates the **daily interest accrual** from all student loans

The platform estimates **future monthly payments** under different repayment plans

The platform calculates the **time remaining until total payoff**

Standard IV: Status

The student loan lifecycle is long and contains multiple paths to final payoff. Borrowers under current repayment could potentially enter deferment or forbearance to temporarily delay their payments or they could enter delinquency and even default if they fall behind on their payments. No matter the stage in the repayment lifecycle, it is imperative that the student loan repayment program educate the user about their current student loan status and actively calculate the time remaining until the next stage in the lifecycle (such as the number of days before total repayment).

The current repayment status should be presented clearly on the platform and easily viewed by the user. This status should also default to the most dire status of their loans. For example, if the user is current on nine student loans and delinquent on the tenth, then the user's entire student loan repayment status should display as "delinquent" until that one loan is made current.

Evaluating Student Loan Status

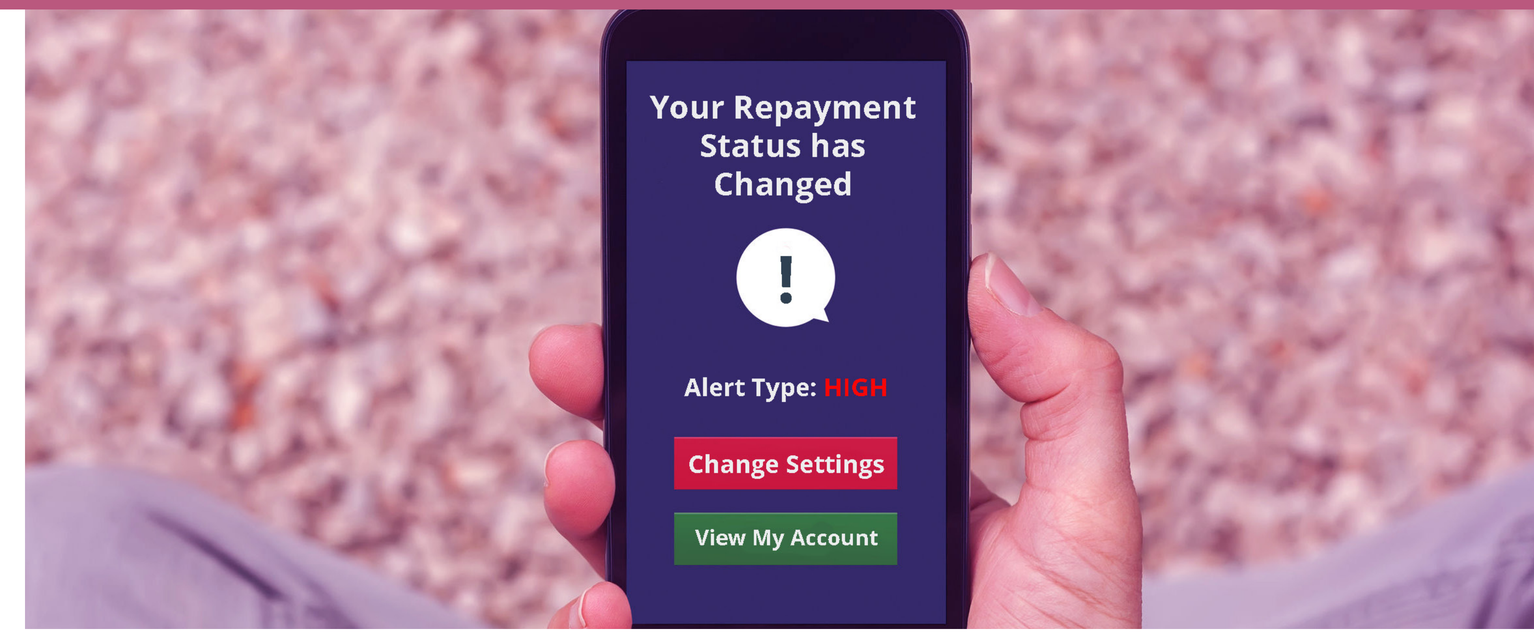
The most important component of this standard is the ability to alert the user to any changes to their current repayment status, such as a borrower exiting deferment or entering delinquency. A change to the user's repayment status often prompts a change to their current payments. If a borrower isn't alerted when they become delinquent, they'll likely continue missing their payments.

More importantly, any alerts to status changes should also come with explanations as to how the student loan repayment program can help the borrower in this new stage of the repayment lifecycle.

Security Concerns for Status

The alerts should be customizable on the user's end. This means the user has the ability to turn off or adjust the alerts if desired. However, since some changes are critical to maintaining the user's credit, there should be urgency levels for more important notifications. This reassures the user that they'll only be contacted in the most desperate of situations and won't be bothered with noncritical updates.

Also, the alert methods should be set up to the user. Successful student loan repayment programs include mobile apps with push alerts. Other contact methods include email, automated phone calls, personal phone calls, and text message alerts.



Evaluation Criteria for Status

The platform shows the current repayment status (*grace, in current repayment, forbearance, deferment, delinquent, defaulted, paid in full)* ☐

The platform sends instant alerts and notifications of status changes through:

- phone call (automated or personal) ☐
- SMS ☐
- Mobile application alert ☐
- Email ☐

Standard V: Planning

Most borrowers seeking to improve their current student loan repayment plan are looking to either repay their loan faster and save money on interest, or find a way to lower their monthly payment. Both cases include multiple methods to accomplish this.

Saving Money on Interest

The best way to save money on interest is to repay a loan early by making extra payments each month. This limits the time interest has to accrue on the balance and will ultimately save money in the long run. Users should be aware of programs that promise to save money on interest by reducing interest rates. Often a reduced interest rate is accompanied by a longer repayment term.

Lowering Month Payments

Borrowers with high balances paying on the 10-year standard repayment plan often face uncomfortably high monthly payments. Some may have opted into graduated repayment plans and have seen their monthly payments grow. The student loan repayment benefit must have a tool to help borrowers find a repayment plan that can lower their monthly bills.

Refinancing

Student loan refinancing is becoming a common offering by financial institutions since student loan repayment is long-term and results in thousands of dollars of interest accrual. Borrowers look to refinance when they want to lower their payments and/or are dissatisfied with their current servicer. They also turn to refinance as a way to consolidate all of their loans into one simple payment. A good student loan repayment program presents the alternatives to refinancing and clearly explains how refinancing federal loans can result in a loss of federal protections.

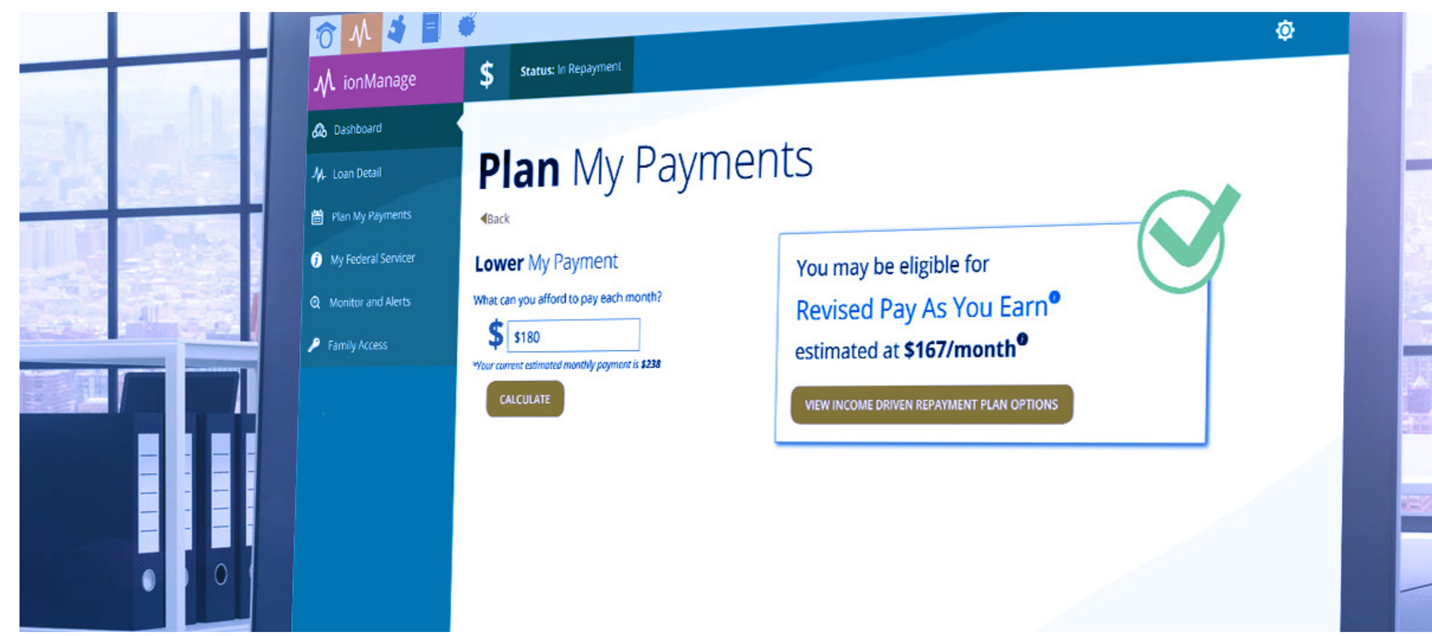
Family Planning

Student loan repayment has become such a long-term commitment that older borrowers are having difficulty saving for their own children's college education. A good student loan repayment benefit will have features to help participants plan for their family's higher education expenses. This might include a college research tool, advice on 529 savings plan, or budgeting features to help participants save.

In addition to higher education planning, exemplary programs will allow participants to invite their spouses to the platform to share loan information and better manage their household's finances.

Evaluating Student Loan Planning

There are multiple federal repayment plan options, including several income-driven repayment plans. A quality student loan repayment program will present scenario planning tools that pre-qualify borrowers for eligible plans. Exemplary programs have counselors help users enroll into those plans directly from the platform through 3-way calling with their current servicer. The student loan counselors should be able to advocate for the user by helping them answer questions and remain on the call in the background while the servicer sets up their new repayment plan. This concierge-level servicing is important to ensure the borrower is comfortable with the new repayment plan.



Security Concerns for Planning

The level of security accompanied with scenario planning should be embedded within the platform. The platform may require superficial information such as income, family-size, and home state to make pre-qualification assessments. There should be a clear disclaimer when the borrower leaves the platform to explore 3rd-party options, typically from refinancing providers. The risk associated with any offer that occurs outside of the student loan repayment platform is placed on the user and that distinction must be made clear to avoid liability to the student loan repayment partner or the company provider.

Evaluation Criteria for Planning

The platform presents scenario planning tools matching participants to the following plans:

- Graduated Repayment Plan
- Extended Repayment Plan
- Revised Pay As You Earn (REPAYE) Plan
- Pay As You Earn (PAYE) Plan
- Income-Based Repayment (IBR) Plan
- Income-Contingent Repayment (ICR) Plan
- Income-Sensitive Repayment Plan

The planning tool includes research into **higher education** costs

The planning tool includes features to help **save for higher education costs**

The planning tool allows for **family members** to utilize the platform

The planning tool allows for family members to **share student loan information**

The planning tool shows how additional payments will **save money on interest**

The planning tool shows how additional payments will **pay the loan off early**

The planning tool includes **refinancing options** from multiple lenders

Standard VI: Wellness

Ultimately, a student loan repayment program is a financial wellness benefit. Financial wellness benefits ease employee stress over money to improve productivity. Student loan payments are a common issue for many people, and one money problem creates more. Struggling to repay student loans is likely only one financial concern among many. Student loans are frequently considered less of a priority than household rent or a car payment.

A student loan repayment program needs to account for other financial problems borrowers may be facing. A financial wellness component in a student loan repayment program addresses the concerns surrounding student loans, but also includes informative content to help them improve the other financial stresses in their lives.

Many college graduates cite their student loan payments as a reason for delaying home buying and struggling to save for retirement. Student loans, home buying, and retirement are three of the largest financial obligations a person will experience in a lifetime and there are methods to help a person optimize each of them. Those methods of optimization should be made available to users since eases in other financial areas will create more freedom to repay their student loans.

Evaluating Wellness

A student loan repayment program should coexist with a financial wellness component either included through the benefit provider or work alongside an existing internal tool. Student loans are confusing with frequently changing conditions and players. At the very least, the wellness component of the student loan repayment program should have a regularly updated blog reporting on updates in the student loan world, and a comprehensive financial literacy library with educational content.

Security Concerns for Wellness

There are limited security concerns surrounding the financial wellness component of a student loan repayment program. This tool should be available only to logged-in users and the material should be focused on the needs of the users within that organization.

Evaluation Criteria for Wellness

The platform includes **budgeting tool** for managing finances	✓
The platform includes a library of **financial literacy content**	✓
The platform includes a **glossary** of student loan terms and definitions	✓
The platform includes resources to **support participants with financial issues**	✓

Standard VII: Contributions

More companies are choosing to help their employees repay their student loans in the same way that companies help employees save for retirement with 401(k) plans. Providing contributions to employee student loans increases recruitment and retention for companies. There are several versions of a student loan contribution program. Employees can receive a fixed amount from their company without any personal deductions, or the company can match an employee's contributions up to a set amount. A contribution program is not required in a student loan repayment assistance program but should be included as an add-on option for any student loan repayment benefit provider.

Managing the contributions should also come easy to the employer. The employer should set the eligibility requirements and be able to indicate which employees are eligible to receive contributions and which are not. Likewise, when employees lose their eligibility they are promptly removed from the program.

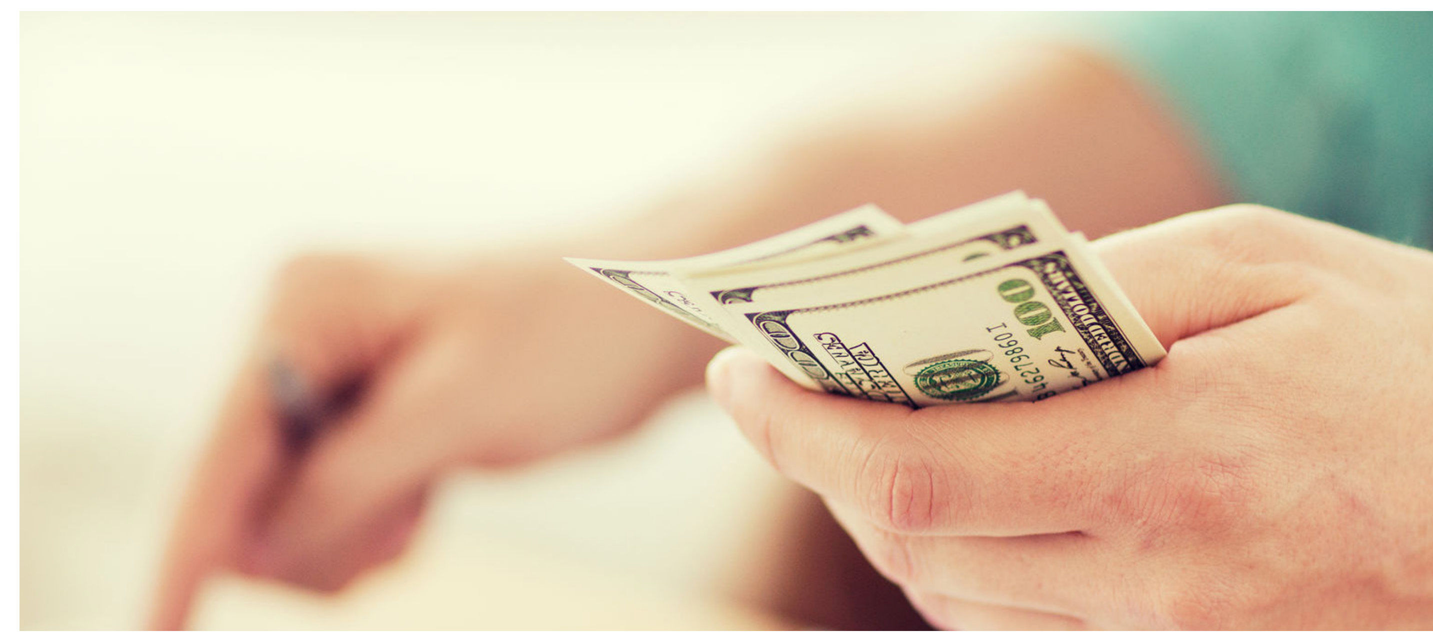
Channels

In order to implement a contribution program, there must be a method for moving money to any student loan servicer. Student loan repayment programs require the ability to reliably deduct funds from the partner and transfer those funds through various channels to the correct loan servicers in an efficient and well-documented manner.

The student loan repayment program provider needs to have its own money transmitter license or a relationship with a partner that does. The ability to move money between payroll accounts and loan servicers within a reasonable time frame makes up the basis for a standard student loan contribution program. These costs are often put on the employer and typically work on a "per transaction" basis.

Evaluating Contributions

Contribution programs should be scalable and easily managed. There should be an option to fluctuate the contribution amounts for employees with different seniority to encourage employees to stay on at a company in order to receive greater contribution levels. Employers and participants alike need to be able to easily track their contributions and see the effect the extra payments have on the student loan repayment.



Security Concerns for Contributions

Whenever financial information is involved, high cyber security controls must be in place. Standard controls over information security including statements issued by the American Institute of Certified Public Accountants (AICPA) and the Auditing Standards Board (ASB) are financial industry norms. SOC and SSAE reporting should be standard for any student loan repayment program. There should also be clear explanations of the money transfer process and protocols for what to do if funds fail to be properly transferred.

Evaluation Criteria for Contributions

The program provider holds a **money transmitter license** or has a relationship with a 3rd party experienced in moving monies between payroll accounts and loan servicers

The program allows participants to **set and change paycheck deductions**

The program allows employers to **match participant deductions** and/or make their own payment contributions directly to employees' student loans

The program allows participants and employers to **make direct contributions** to student loan servicers

Allows employees to connect to their student loans and **allocate deductions and contributions** to the loan

The employers can **control the list of participants** by adding, changing, or removing eligible employees at any time

The program allows participants to **track the amount of employer contributions** over the lifetime of the program

The contribution program permits **payments to both federal and private** student loan servicers

Standard VIII: Partnership

In the past year, several large companies began offering student loan repayment assistance programs to their employees. Those organizations are meeting the demand placed by the Millennial generation to help repay their student debt. These large companies chose different benefit providers, as there are several student loan repayment vendors to choose from.

When searching for a potential partner, beware of companies that have only recently introduced a student loan repayment program to remain competitive or to push people into their primary business of student loan refinancing. There are reputable student loan repayment program providers that have dedicated their entire company towards student loan guidance and contributions.

When searching for companies, look for providers with extensive experience in the student loan repayment sector, are financially stable, and offer scalability for programs of variable sizes. These companies provide the best possible service and will become a welcome addition to your voluntary benefits landscape.

Evaluating Partnerships

As a recent trend in voluntary benefits, it may be difficult to find a program provider with adequate experience administering student loan repayment benefits. However, there are a handful of companies that have already been around for 5 years or more and are more qualified than companies showing up late to market. For good measure, choose a partner that has roots in the student loan repayment industry and have experience working with student loan servicers in some capacity.

Security Concerns for Partnerships

The partner you choose should have independently audited financial statements showing they are a transparent and stable organization. Unfortunately, there are many companies within the student loan repayment world that are deemed fraudulent for charging borrowers enrollment fees into free repayment programs. Look for a partner that has clear statement of works and a reputation for quality service in the voluntary benefits landscape.

Evaluation Criteria for Partnership

The benefits program provider has **at least 5 years of experience** in the student loan repayment industry

The program partner is **financially stable**

The program partner has **independently audited financial statements** available

The program partner has a **scalable infrastructure** and operations to take on any size client

The program partner's platform adheres the following **security controls**:

- FISMA
- SSAE 18
- SOC 1, SOC 2, or SOC 3
- PCI-DSS
- HIPAA
- FedRAMP (for cloud-based companies)

Conclusion

There are two important decisions that organizations make regarding student loan contribution programs. The first is deciding to offer your people student loan repayment benefits. This decision is easy if you rely on college educated workers in any capacity. Deciding to utilize college graduates condones helping those graduates repay their student debt.

The second decision is choosing which provider to administer the student loan benefit program. Student loan repayment is incredibly complicated and borrowers are swimming through a sea of conflicting information and uncertainty when trying to find the best path to final repayment. The partner you choose will have a long-term relationship with your people and your organization since student loan repayment periods can last over 25 years.

Each student loan benefit provider offers variations of the same product at different tiers and pricing. Make sure that the program you choose is a good fit for your organization by vetting multiple providers by requesting demos and more information.

Who We Are

IonTuition is the industry leader in student loan benefit solutions and is the most experienced, employee-centric partner on the market with a comprehensive approach to financial wellness. IonTuition's personalized platform and deep relationships with servicers expedites resolutions for borrowers at all stages of the repayment cycle and sets them on a fast track to financial wellness. IonTuition enables forward-thinking employers to attract the best and brightest and improve workplace productivity by empowering their employees to proactively manage their financial health.

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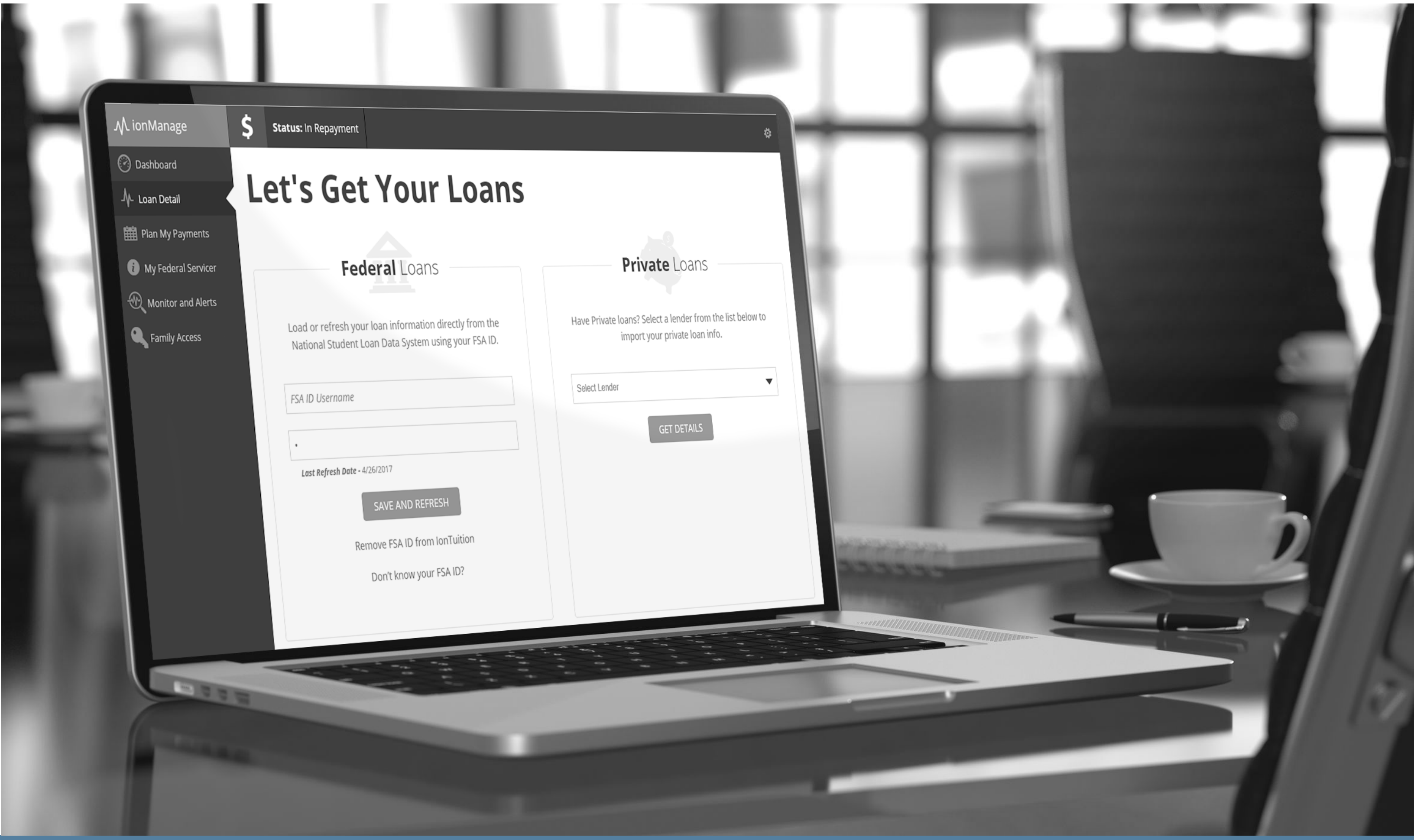

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