One Employer’s Journey to Implementing a Student Loan Repayment Benefit

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Agenda

- Introduction
- Business Case
- Program Design
- Program Implementation
- Measuring Success
- Conclusion and Key Takeaways
Introduction

• 43 million Americans have a federal student loan with an average balance of $37,000

• Total student loan debt is approaching $1.6T and federal debt alone is expected to almost double by 2028 according to the Congressional Budget Office
Introduction

Student Loan Debt Today

- Americans over 60 are the fastest growing segment of borrowers while
- Student loan debt affects all age groups

Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax
Introduction

Student Loan Repayment Program

- A student loan repayment program allows an employer to make periodic payment contributions to employee student loans in amounts that are completely at the employer’s discretion.
- By offering a student loan repayment program, employers can provide a benefit that addresses many employees’ top concern, while also providing a differentiator that can address recruitment and retention

Programs and Employer Trends

- 8% of U.S. employers now offer a student loan repayment program vs. 4% in 2018, according to Willis Towers Watson
- Adoption of the benefit continues to grow across all verticals
- H.R.795—Employer Participation in Student Loan Assistance Act
Our Employees

• 17,000 across our Jurisdictions

What they want . . .

• Recognition and Rewards
• Great Place to work
• Inclusive environment
• Work/life balance
• Financial stability
Why Student Loan Repayment?

- Addressed a rising financial need
- Low enrollment in 401k match program
- Tuition reimbursement generous but not broad
- Opportunity to attract and retain critical talent
- Financial Wellbeing strategy

Our Process to Approval

- Assessment of loan repayment trends, savings statistics, design customization, estimated participation and engagement, costs, platform partner
- Vendor selection process and recommendation
- Initial Offer to 6,000 non-union employees through Tuition.io
Effective Program Design
Program Design: Employee Eligibility

- Eligible employees include all non-union, full-time and part-time employees working more than 20 hours/week
- There is no waiting period for eligible new hires
- If an employee goes on unpaid leave of absence status, participation in the program will be suspended until the employee returns to active status
- There is no “claw back” or reimbursement of payments made if an employee leaves employment
Program Design: Payment Scheme

- The following chart illustrates the loan repayment schedule for a full-time employee.

<table>
<thead>
<tr>
<th>Status</th>
<th>Tier 1 (monthly pmts 1-12)</th>
<th>Tier 2 (monthly pmts 13-24)</th>
<th>Tier 3 (monthly pmts 25-36)</th>
<th>Tier 4 (monthly pmts 37-48)</th>
<th>Tier 5 (monthly pmts 49-60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time (32+ hrs)</td>
<td>$50</td>
<td>$75</td>
<td>$100</td>
<td>$125</td>
<td>$150</td>
</tr>
</tbody>
</table>

Maximum lifetime benefit = $6,000

- Eligible part-time employees will receive 50% of the monthly program payment up to a potential lifetime maximum benefit of $6,000.
- It will take more than 60 months for a part-time employee to reach the maximum benefit.
Program Design: Loan Eligibility

Eligible Loans include the following:

- Loans accumulated from an undergraduate or graduate degree program
- Federal or private loans
- Subsidized or unsubsidized loans
- Educational lines of credit
- **Federal Parent PLUS loans and private parent loans (loan held by parent for their child’s education)**
- Loans must be from a qualifying U.S. financial Institution
Program Design: Loan Eligibility

- Elements of shared responsibility
- The program is intended to contribute to the principal of outstanding student loans and participating employees are still responsible for making their minimum monthly payments in order to receive the National Grid payment
- All loans must be in the name of the employee who is participating in the program and cannot be past-due, delinquent, or defaulted in order to be eligible for monthly payments
- The National Grid payments count as imputed income and payroll taxes will apply
If a full-time employee has a $31,000 loan balance and receives monthly National Grid payments totaling $6,000:

- They will save $8,646 in payments
- Get out of debt faster by 2 Years and 1 month

Based on an average interest rate of 6.1%
Program Implementation

Timeline

• Implementation of the benefit began in September 2017 and went live in April 2018 to ~6,000 employees
• The project balanced stakeholder interests across digital risk and security, payroll, and call center support to ensure that the benefit aligned with National Grid’s internal policies and processes
• As the benefit’s structure took shape, various communications and marketing materials were developed to inform employees of the new benefit and how to register, illustrate its value, and answer common questions
Program Implementation—Timeline

2017 September
- Project Kickoff
- Building of Program Structure and Plan Design
- Meetings with Payroll, HRIS, and IT

2018 October
- Tuition.io begins building National Grid's customized functionality

2018 March
- Communications and Marketing Finalized
- Testing and QA

2018 April
- Program Launch
- Registration begins

2018 May
- First Contribution Cycle
- $43,000 paid out on $31.5M in employee loan debt

Today
- $1,499,000 and 522 years saved by employees since the program began
- Almost 20% total participation
Data Analytics

Tracking Program Goals and Successes
• Program Goal: Providing a cross-generational and inclusive student loan repayment benefit
• Employee success is measured in adoption of the benefit, time and dollars saved on their student loan(s), and ease of use
• $1.4M in payments and 522 years of time saved since launch
• Employer success is measured in alignment with overall goals (adoption across all age groups), employee retention, applicant interest during recruitment, and ease of administration

Measuring attraction and retention
• Tuition.io tracks participating employees added and removed from the program over time to determine retention correlations between those who participate and those who do not
• 94.29% of employees who received at least one contribution payment are still employed vs only 89.35% of those who never received a contribution payment

Ongoing partnership with Tuition.io
• Tuition.io continues to provide program analysis in the form of demographics, financial stats, participation rates, and more
Employee Testimonials—from Launch

“I just wanted to let you know how much this means to me. I still have law school loans looming for years to come, and this will be an incredible benefit. Thank you for always thinking of the wellbeing of your employees.”

“I cannot begin to tell you how excited I am about this program. It’s so nice to feel the company has my back. Thank you and all the folks who worked to get this program up and running.”

“What a wonderful benefit you are offering to the management employees of our company.”

“What a buzz! These are the type of programs that we need! Appreciate all you are doing to push National Grid with progressive thinking in how we retain and attract the workforce of today and our future!”

“The program is working beautifully! I just received confirmation that the first National Grid payment was made!”

“I just got a notice from Tuition.io on my personal account letting me know when first payment will be made and how to access my account. Nice work on the communications and the implementation of the program!”
Key Takeaways

• Success includes the right partner, a strong project plan and multichannel communication
• Program customization is key
• Use data analytics to track the program’s goals
• Continue to monitor the external landscape for legislation and new laws