BenefitEd

An innovative benefit that enhances employee recruitment and retention.

Student loan repayment assistance & 529 college savings plan benefits

BenefitEd is a joint venture between Ameritas and nelnet

BenefitEd™

Every employer wants the best, most talented employees they can hire. But the competition for employees is fierce, especially for younger professionals who want jobs that fit their life and professional goals.

“Employers need an innovative strategy to be competitive in attracting and keeping great workers. But it doesn’t have to be a complicated solution.”

Finding qualified employees is not the only problem. After hiring new employees, it can be difficult to keep them engaged with their work. Research shows that some new hires look for a different position shortly after starting a job, often because the position doesn’t meet personal needs or support their career goals.

Employers need an innovative strategy to be competitive in attracting and keeping great workers. But it doesn’t have to be a complicated solution. It begins by knowing what employees are looking for in a job and then finding ways to meet their needs.

Six generations at work

Depending on the industry, many employers have six generations working together in the workplace. Each group has different attitudes, communication methods, work styles and job expectations. It’s difficult to meet every need, so it’s important to prioritize and focus on providing the benefits most in demand.

Turnover dilemma

Continuous turnover of employees can create upheaval in businesses and impact employers’ bottom lines as they constantly recruit and retain new employees. In most industries, the turnover rate is 12 to 15 percent. However, in specialized fields, the turnover rate can exceed 20 percent.

When an employee leaves, employers often spend 33 percent of the worker’s annual salary to fill the position. Other indirect costs of turnover can include lost business knowledge and decreased productivity for employees taking on additional work responsibilities.

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Benefits influence engagement

Benefits can influence employees to stay at a job. Not only are workers looking for appropriate salary compensation that is competitive with similar employers, but they also require an appealing benefits package. They expect traditional health benefits (medical, dental and vision), but many also want student loan assistance. In fact, one study found that eight in 10 workers with student loan debts would stay with an employer for five years if they received help with student loans.

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Student loan debts escalate

Nearly 70 percent of college students get loans to pay for college. Many have college loan debts of more than $35,000, which can take years to pay. In some job areas, the loan debt may exceed $100,000. As higher education costs continue to increase, some students are changing their career goals to pursue less-specialized professions to avoid accruing additional debt.

Student loan debts also are causing employees to delay buying a better car, purchasing a home or starting a family. For many, their monthly college loan payment is similar to the cost of a home mortgage.

BenefitEd: student loan assistance program

Many employers are concerned about the heavy student loan debts employees are carrying. Some give workers a bonus check marked as a payment for their student loans, but this amount could be taxable. However, with the BenefitEd student loan assistance program, employers make payments against an employees' student loan debt to help lessen the loan amount.

BenefitEd is an easy option to add to employee benefits packages. Employers identify employees eligible for the benefit and the amount they'll contribute during the calendar year.

> **"BenefitEd, student loan assistance benefit, is an easy option to add to employee benefits packages."**

College savings plan

Older healthcare employees also are asking for tuition payment programs, such as a 529 plan available through BenefitEd, to help pay tuition and student loan payments for their college-aged children. Due to the rising costs of higher education, many college students reach student loan limits sooner than previous generations. Parents and grandparents are stepping in to help cover college tuition costs, making the college savings plan benefit a popular choice. The 529 plan is an excellent recruitment and retention strategy because it helps engage employees with their work.

A recent change in the United States tax law expanded the 529 account fund to include savings of up to $10,000 for K-12 tuition and expenses. Employers can enhance this benefit by making donations or matching employee contributions.

Benefit vs. bonus

Employers spend millions every year on employee bonuses, especially for positions that are difficult to fill. Under the United States tax law, bonus paychecks, awards, gifts and gift cards given to employees usually are taxable. The only exception is a random gift to employees. Instead of a signing bonus or other reward, employers now are including BenefitEd as an optional plan in employee benefit packages.

> **"Instead of a signing bonus or other reward, employers now are offering a student loan assistance benefit, such as BenefitEd."**

Attracting employees, keeping them engaged

Employees are anxious about finances. They spend hours during the workday wondering how to meet financial commitments. Employees report that having a student loan assistance benefit would help ease concerns so that they can focus on their work.

In a survey of recent college students working full time, 57 percent indicated that the financial pressure of student loans impacts their work productivity. In this study, about 23 percent said they'd give up some benefits for help with student loans payments. Over 50 percent said they would consider a salary cut if this amount were applied to their student loan debt.

"...business savings and tax cuts can provide financial options employers can use to improve employee benefits packages."

Getting C-suite support

Budgeting for employee benefits, such as BenefitEd, can be a daunting task. But employers can use business savings and tax cuts to improve employee benefits packages. Here are two ideas:

- ***20 percent deduction*** – Under new tax law changes, sole proprietorships, partnerships, and S corporations are entitled to take a deduction equal to 20 percent of the qualified business income earned. This is for ordinary, non-investment income. The deduction is limited to 50 percent of the total W-2 wages paid by the business. It may sound confusing, but the way to capitalize on this option is to provide employee benefits that both raise the W-2 wage and provide value to employees, such as BenefitEd.

- ***Pre-Tax, post-tax differential*** – Many entry-level and younger workers enter the workforce at a lower tax bracket. This means the cost differential between pre-tax and post-tax benefits isn't significant and employees will achieve a better return by instead providing meaningful benefits, such as student loan assistance through BenefitEd, that their employees will value.

BenefitEd is a student loan repayment benefit that assists with recruitment and retention of top employees.

Learn how to put BenefitEd to work for your employees by visiting www.youbenefited.com, calling 844-358-5707, or emailing support@youbenefited.com.

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