

Student Loan Assistance Provides Hiring and Retention Edge

Company Overview

This client has 134 employees, operates in the financial services sector and is located in Westchester, NY.

Key Challenges

Recognizing that their employees faced several personal health and financial challenges over the past two years and seeking a hiring advantage over peers due to a continuation of the company's rapid expansion, this organization wanted to do something more than simply expanding their already strong health benefit program. They had a large under-30 employee age group demographic.

MBA Solution Presented

Our team explained that a lesser known component of the Cares Act provided employers with the ability to make up to \$5250 in student loan payments for an employee within a year either directly to the employee or to the student loan servicer. The money allocated toward each employee is considered tax-free (so the employee does not have to pay income taxes on the amount received, up to \$5250) and the employer receives a payroll tax exclusion for the same amount. We suggested the implementation of a student loan assistance program with the company electing to pay up to \$2500 per employee, an eligibility requirement as being actively at work for the firm for at least 12 months and a requirement that the recipient had a college graduation within the past 7 years.

Measurable Results

In addition to the fourteen employees that took advantage of the program, they were able to hire an additional 12 employees, the majority of whom cited the new program as a motivating factor. They estimate that the additional workforce, after compensation and benefits, would contribute \$75,000 to \$150,000 in new revenue