

# Student Loan Reduction Program FAQs

## Overview

The City of Memphis offers student loan contributions in the amount of fifty dollars (\$50) a month to eligible City employees. The pilot program began in June 2017 for the HR Division and went live for all City employees in July 2017. Employees with full-time employment status of at least twelve consecutive years are eligible for the program.

The City of Memphis uses Tuition.io as a third-party administrator (TPA) to administer the student loan reduction program. Tuition.io is the leading Student Loan management and optimization tool for consumers.

## PROGRAM DETAILS

### **Q. What is the City of Memphis Student Loan Reduction Program?**

A. The City of Memphis is proud to provide student loan debt assistance to employees who have obtained or are in the process of obtaining a degree from an accredited institution, have outstanding loans, and meet program eligibility requirements. Through the Student Loan Reduction Program, the City of Memphis will contribute \$50 per month towards a participant's principal portion of outstanding student loans.

### **Q. How much is the loan reduction contribution?**

A. The City of Memphis will make payments of \$50 per month towards an employee's outstanding student loans. This amount is in addition to the monthly payment that the employee will continue to make.

### **Q. Is this contribution taxable?**

A. Yes. The monthly loan payment made by the City of Memphis will be considered taxable income and will be subject to federal, state, FICA, and local withholding taxes. Payments made by the City of Memphis through the Student Loan Reduction Program will be included on the employee's Annual Wage Statement, Form W-2.

## ELIGIBILITY

### **Q. Since the City of Memphis will contribute to my loan now; can I stop making my monthly payment?**

A. No. Program participants are still responsible for making their minimum monthly payments. The monthly benefit payments paid toward an employee's outstanding student loans are intended to be additional payments to aid in the reduction of the principal and cannot be used in place of the employee's monthly payments.

### **Q. What loans qualify for contributions through this program?**

A. The following student loans are eligible to receive monthly benefit payments from City of Memphis:

- ✓ Federal or private loans
- ✓ Subsidized or unsubsidized loans
- ✓ Loans accumulated from an undergraduate or graduate degree program

All student 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 benefit payments. This benefit payment is intended to reduce the principal of the employee's outstanding student loans. Participating employees are still responsible for making their minimum monthly payment.

**Q. I have a ParentPLUS loan. Is that eligible for a contribution?**

A. No. ParentPLUS loans are not eligible for City of Memphis contributions. Only federal and private student loans that are in the Program participant's name and used to pay for the participant's own higher education are eligible.

**Q. Who is eligible for the Student Loan Reduction Program?**

A. To qualify, an employee must be an active, full-time employee for at least 12 months prior to application.

**Q. Which loans are included?**

- Forbearance - **Included**
- Grace Period - **Included**
- Deferment - **Included**
- Loans that received tuition reimbursement – **Included**

**Q. Which loans are NOT included?**

- Loans consolidated with someone else (with approval and documentation) – **Excluded**
- ParentPLUS – **Excluded**
- Collections – **Excluded**
- Default – **Excluded**
- Loans in someone else's name - **Excluded**
- Loans used to pay for someone else's higher education - **Excluded**
- Educational lines of credit - **Excluded**
- Leave of absence - **Excluded**

**Q. What do I need to do to remain eligible?**

A. To remain eligible, employees must be an active full-time employee and receive a minimum of "Meets Expectations" rating on performance appraisals each year they are enrolled in the program. Employees will be required to re-enroll in the program at the beginning of each fiscal year.

**Q. What if I change roles, am I still eligible to receive a contribution?**

A. Yes, as long as an employee remains an active employee and maintain a “Meets Expectations” rating, an employee can be in any full-time role and still receive the contribution.

**Q. What if I go on a leave of absence, am I still eligible to receive contribution?**

A. If a participant goes on a leave of absence without pay for more than 30 days (unless it is approved FMLA), he/she will be suspended from the Program until they return from leave. The City of Memphis will not contribute monthly payments towards student loans while a participant is on leave. The participant will be reactivated into the Program upon their return.

**Q. For what reasons would this benefit be terminated?**

A. A City of Memphis employee’s participation in the Student Loan Reduction Program will be terminated if the employee:

- No longer meets the Program’s eligibility requirements
- Has paid off the loans that are selected for the Program
- Terminates employment with the City of Memphis, either voluntarily or involuntarily
- If the program is discontinued
- If program funding is discontinued

**Q. Is there a cap on how many employees can participate in the program?**

A. Yes. The program is subject to funding availability approved by City Council each year. Participants will be approved for the program on a first come first serve basis based upon the approved budget for the program that year. Participants will have to re-enroll in the program each fiscal year in order to keep receiving the benefit.

**ENROLLMENT AND ADMINISTRATION**

**Q. How do I request enrollment into the program?**

A. Eligible employees will receive a communication from the administrator – Tuition.io with instructions on account set-up and entering outstanding student loans. Once the participant enables contribution with their loan servicer, the associate is defined as a ‘participant’ of the program and will begin to receive monthly benefit payments toward his/her loans.

**Q. Who is the administrator of the program?**

A. Tuition.io is the City of Memphis' chosen partner in administering the Student Loan Reduction Program. Tuition.io is a venture-backed technology company based in Santa Monica, CA. For more information about Tuition.io visit [www.tuition.io//](http://www.tuition.io//)

**Q. Has City of Memphis reviewed the security/privacy of Tuition.io?**

A. Yes, the City of Memphis has thoroughly vetted this vendor to ensure they meet our privacy and security requirements.

**Q. My registration link isn't working. How do I fix that?**

A. Please contact [memphis@tuition.io](mailto:memphis@tuition.io) or at 855-353-9395 for assistance.

**Q. I'm having issues with the Tuition.io portal?**

A. Please contact [memphis@tuition.io](mailto:memphis@tuition.io) or at 855-353-9395 for any system issues.

**Q. Is there a limit to the number of loans I can link to my Tuition.io account?**

A. No, you can link as many loans as you like. However, the City of Memphis monthly benefit contributions will only be applied to one loan at a time – you will need to select which loan receives the contribution.

**Q. When and how will contributions be issued?**

A. Contributions will be issued by Tuition.io directly to the loan servicer chosen during your enrollment process. Contributions will be made monthly and notifications will be emailed to the participant when the payment is released from Tuition.io.

**Q. Who do I contact for questions about payments?**

A. Please contact [memphis@tuition.io](mailto:memphis@tuition.io) or at 855-353-9395 for payment questions.

**Q. Who do I contact for questions about program requirements and details?**

A. Please send all inquiries about the program to [wellness@memphistn.gov](mailto:wellness@memphistn.gov).

**End User Information**

Newly eligible employees will receive an automated, introductory welcome email from Tuition.io to enroll once the monthly eligibility is uploaded to the Tuition.io Admin portal. If an employee is eligible but did not receive or cannot locate the welcome email, they can visit <https://memphis.tuition.io/enroll> to begin enrollment. See home page below. Note: employee information is only valid if the employee is listed on the most recently uploaded eligibility form.