

City of Memphis

Student Loan Repayment™

PURPOSE

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 months are eligible for the program. The City of Memphis uses Bright Horizons EdAssist as a third-party administrator, to administer the student loan reduction program.

These guidelines may be amended or revoked at any time, with or without notice. Please also note that this document is a guideline. At the discretion of HR, it may be modified for application to certain individuals who have circumstances which are considered unique or where its strict application is not in the best interest of the Company.

EMPLOYEE ELIGIBILITY GUIDELINES

- Active full-time employees of City of Memphis are eligible to participate after 12 months of employment.
- Loans are only eligible if (1) a completed undergraduate or graduate degree (or certificate) has been earned/obtained; and (2) it was earned at a national or regional accredited institution.
- Eligible employees whose employment with City of Memphis terminates for any reason, whether voluntarily or involuntarily, automatically cease to participate in the program on the effective date of the termination of employment.
- 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.

ELIGIBLE LOANS

Education loans eligible for student loan repayment contributions must be qualified, U.S.-based education loans, and:

- Incurred on behalf of the employee by the employee
- Must have been completely used to pay for the cost of qualified higher education expenses while the employee was an actively enrolled student
 - The term “qualified higher education expenses” means the cost of attendance (as defined in section 472 of the Higher Education Act of 1965, 20 U.S.C. 1087II) at an eligible educational institution.
- Attributable to education furnished during a period the recipient was an eligible student
- In active repayment status
 - Active repayment does NOT include: Grace, Deferment, Forbearance, Default

U.S.-based education loans eligible for repayment include:

- Federal Perkins Loans
- Private Student Loans
- Subsidized Stafford Loans (FFELP/Direct)
- Unsubsidized Stafford Loans (FFELP/Direct)
- Health Professional Loans
- Grad PLUS Loans (FFELP/Direct)
- Student Consolidation Loans
- Student Refinance Loans
- State Loans

Ineligible or non-applicable student loan repayment expenses:

- Late fees
- Installment plan/deferred payment fees
- Direct Parent PLUS loans
- Private Parent loans
- Loans not in employee name
- Other methods of refinance, e.g., home equity lines used to repay education
- Other methods of repayment, e.g., funds from 403(b)/401(k) or other retirement account

BENEFIT AMOUNT

Payments will be made directly to the loan servicer as identified by the employee in the amount of \$50 per month. Employees can set up with their loan servicer that the payments go towards the principle to cut down on interest earned and the time to pay off the loan. There is no lifetime maximum.

EMPLOYEE RESPONSIBILITY

- Participating employees are required to make regular, required monthly payment toward their loan(s) as required by the terms of loan(s).
 - If employee is using an income-driven repayment plan with a \$0 due monthly payment, the employee is eligible for student loan repayment contributions if their own payment is made monthly.
- City of Memphis contributions are in excess of the employee's required monthly payment.
- Any late fees or penalties incurred due to employee missed or late payments are the sole responsibility of the employee.

FINANCIAL WELLNESS COACHING

Bright Horizons Student Loan Repayment includes expert financial wellness coaching sessions. One-on-one sessions are available to regular full-time employees immediately upon hire. Participating employees receive an individualized assessment of their current loan situation. Participating employees can also receive an analysis and review of options to reduce loan debt, correct current/past issues and incorporate City of Memphis contributions most effectively.

Employees can schedule one-on-one sessions with student loan experts via the Student Loan Repayment website.

Participating employees will also have access within the Student Loan Repayment website to browse helpful content with additional resources.

APPLICATION AND PAYMENTS

- Student loan details and payment requests must be submitted online via the Bright Horizons Student Loan Repayment website. Please visit the website for details on required loan documentation.
- Once approved, payments will be made directly to the loan servicer identified by a participating employee at the time of application.
- Payments will be applied to accounts as identified by the participating employee according to loan servicer policies.
- Payments will begin from the date of participation in the program – retroactive payments will not be made.
- Changes to payment distributions should be made directly to loan servicer(s).
- Inquiries about total loan balances, payments received, etc. should be directed to the associated loan servicer(s).

TAX IMPLICATIONS

- In compliance with IRS regulations, employer provided educational assistance is exempt from taxation up to a maximum of \$5,250.00 per calendar year. Tax-free educational assistance benefits also include payments made after March 27, 2020, and before January 1, 2026, whether paid to the employee or to a lender, of principal or interest on any qualified education loan incurred by the employee for education of the employee.
- Taxes will be assessed if, at the time of payment processing, your total amount of payments in the calendar year exceeds the allowable non-taxable amount. City of Memphis will report all associated payments on participating employees' associated W-2 for the prior plan year.
- All associated taxes are the responsibility of the participating employee.

This policy is subject to change at any time.