SPECIAL ADVERTISING FEATURE TO COLUMBUS BUSINESS FIRST

Legal Connections

POWERED BY THE COLUMBUS BAR ASSOCIATION

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"Implementing new types of employee benefits can help businesses be more competitive when hiring and retaining workers."

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EMPLOYERS SHOULD BUY INTO STUDENT LOAN REPAYMENT PROGRAMS

TAI SIMON
BakerHostetler

With college tuition rising faster than wages and inflation over the last few decades, student loans now comprise the second-largest consumer debt segment in the country. Over 44 million borrowers hold a combined $1.5 trillion in student loans, and this number is only projected to grow. These loans impact retirement security as borrowers have less disposable income to save, and student loan payments divert money that could otherwise be invested in retirement accounts. It is no surprise, then, that student loan repayment assistance programs, known as SLR programs, are becoming a popular employee benefit used to attract and retain employees.

Companies that offer SLR programs generally provide periodic payments toward the principal balance of an employee's student loans, up to a predetermined amount. While these SLR programs alleviate the financial burden of monthly student loan payments, SLR programs do not receive tax-favored treatment under the Internal Revenue Code. So, unlike qualified educational assistance programs that allow for an annual exclusion of $5,250 from an employee's gross income, SLR program payments are taxable to the employee. SLR programs also do little to incentivize retirement savings among workers.

However, a recent private letter ruling, known as a PLR, explores a creative way to structure an SLR program that excludes SLR program payments from the employee's gross income and incentivizes retirement savings. The PLR analyzes Abbott's "Freedom to Save Program," which rewards employees that make qualified student loan payments with a contribution to the employee's 401(k) account. The structure of the program is unique because it appears to violate the contingent benefit rule of Internal Revenue Code § 401(k)(4)(A), which prohibits qualified retirement plans (such as 401(k) plans) from conditioning a benefit on an employee electing to make or not make elective contributions under the plan. The PLR confirms that the program does not violate the contingent benefit rule because Abbott's contribution to the 401(k) plan is conditioned on the employee making a student loan repayment rather than an elective contribution to his or her 401(k) account.

Although the PLR may not be relied upon by other employers, it explores a way to offer a tax-advantaged SLR program that also promotes retirement security among employees. Employers interested in implementing an arrangement similar to the program should contact their benefits counsel to assist in adopting the feature under their 401(k) plan. ■

85%

of employees said that they would stay three or more years at their current company if it offered student loan repayment programs.

Source: CommonBond, "The Missing Benefit in Financial Wellness", 2018

EDUCATION & EVENTS

Friday, Jan. 25
9 a.m. – 4:45 p.m.
2019 MLK Symposium: A History of Hate (Part 1 and 2)
3.0 CLE Hours each (6 CLE Hours total)

Wednesday, Jan. 30
1:30 – 4:45 p.m.
Immigrating to the USA: Family/Employment Based Immigration
3.0 CLE Hours

All classes listed are offered at the Columbus Bar Associations offices, 175 S. Third St. Ste. 1100. To register, call 614-221-4112 or enroll online at **www.cbalaw.org.**

Seats are going fast for our 2019 MLK Symposium: A History of Hate on January 25 • Register now at cbalaw.org

VOLUNTEERING AT WORK: ENCOURAGING EMPLOYEES TO GIVE BACK

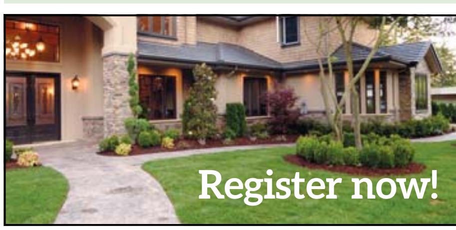
ANDY DUGAN
Manley Deas & Kochalski, LLC

As aptly stated by Martin Luther King, Jr., "Life's most persistent and urgent question is, what are you doing for others?" Near the time of year when America celebrates the legacy of MLK, there is no better time for businesses of all sizes to encourage their employees to become active in the greater Columbus community while simultaneously reducing risk to the company. There are numerous ways businesses can do so.

Many organizations are beginning to offer "volunteer time off". These hours can be used like vacation days or paid time off, but employees are expected to devote this time to philanthropic efforts. Mid- to large-size businesses can create internal volunteer committees to research and promote volunteer participation. By permitting staff of all levels to join such a committee, companies can provide an alternative method to develop leadership skills separate from work responsibilities.

Businesses can also encourage employees to participate in a "day of service" where all employees spend the day volunteering, either in the office or out in the community. Businesses may want to choose a niche activity consistent with their mission statement. If a business is hesitant to make a long-term commitment, non-profit groups like the Besa organization can act as a volunteer clearinghouse, linking companies with groups that need assistance and providing a wide range of available opportunities.

Actively encouraging participation in benevolent activities is a smart investment for businesses because it increases employee collaboration, morale and self-awareness. ■



REAL PROPERTY LAW INSTITUTE 2019

RPI 2019: Blockchain, Brewdog and Bridge Park

Full of cutting edge content, this course has everything the serious real property practitioner needs to know to stay current, including smart contracts, the future of Airbnb, and more. Registration includes sponsored cocktail/beer tasting event.

February 7-8 @ the CBA

Register for one day or both at cbalaw.org or (614) 221-4112.