

# Student debt on your mind? Ours, too.

With over \$1.5 trillion in student debt, and growing, an estimated 56% of Americans between 18 and 29 are putting off saving for retirement which means they are missing out on employer contributions to their retirement savings AND the benefit of compounding that will grow their savings over time.

Student debt repayment programs top the list of benefit “must haves” for college graduates.

## Relief is here. ACEC Retirement Trust Student Debt 401(k) Solution.

- Tool to attract and retain talent
- Easy to understand and valued benefit by employees
- Tax advantage to employees and employers

### How it works:

- Employer contributes to 401(k) plan (i.e., makes a “student debt 401(k) contribution”) based on employee’s verified student debt repayments
- Gets employees started toward retirement savings while still allowing them to repay their student debt and is ONLY structure that allows employer contributions to be made on behalf of an employee paying off student debt but not making contributions (or under-contributing) to their 401(k) plan; allows such employer contributions to be pre-tax
- Can be structured as an additional contribution *or* replace existing contribution (other than safe harbor contributions)

### Plan sponsors have only **4 choices** to make:

1. **Effective date of amendment to implement student debt 401(k) solution; and**
2. **Which of three employer contribution structures for student debt 401(k) contribution to implement; and**
  - **“In Lieu of” Structure** (*NOT AVAILABLE TO REPLACE SAFE HARBOR CONTRIBUTIONS*)
    - Participants receive student debt 401(k) contributions in lieu of other employer contributions (i.e., match, and/or profit sharing)
  - **“In Addition to” Structure** (*AVAILABLE TO SAFE HARBOR PLANS BUT NOT IN LIEU OF SAFE HARBOR CONTRIBUTIONS*)
    - Participants receive student debt 401(k) contributions as well as other employer contributions
  - **“PLR Contribution Structure”**
    - Specified percentage of student 401(k) debt contribution tied to specified percentage of student debt repayment
    - Student debt 401(k) contribution and student debt repayment are percentage of employee’s compensation
    - An employee who makes student debt repayments greater than the stated compensation percentage *does not* earn a greater student debt 401(k) contribution.
3. **Whether to follow existing plan allocation requirements or impose new allocation requirements on employees’ right to receive student debt 401(k) contribution; and**
4. **Whether or not highly compensated employees (“HCEs”) can participate**



*A retirement plan for engineers...by engineers.*

For more information on the ACEC RT Student Debt 401(k) Solution, contact Lydia Zabrycki at [Lydia.Zabrycki@captrust.com](mailto:Lydia.Zabrycki@captrust.com) or (559) 284.0370