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Income and Employment Verifications Bulletin

Student Loan Repayment Solutions and Impact on Verifications

Situation

In today's competitive job market, employers continue to review and evolve their employee benefit offerings and recruiting efforts to best attract the top talent for their organizations. In addition to traditional long-term retirement benefits, new employee benefit programs are also focusing on helping to alleviate the near-term financial stress of [Millennial employees](#), who are entering the job market burdened with an average of \$35,000 in student loans. Many employees may not be aware of the programs available to assist them in paying down their debt.

New benefit programs, such as the Student Loan Paydown Plan (SLP Plan) from [Gradifi](#), are popping up in the market, offering solutions to help employees pay down their student debt through employer-subsized loan repayment programs. Additional Federal programs are also available for employees entering jobs within the Public Sector, under Public Student Loan Forgiveness (PSLF). Under this program, employees working in public service need to have a qualifying loan and enroll in a qualifying repayment plan, including annual recertification in the program, to ensure they continue to meet income and employment requirements. After 120 on-time monthly payments, the remainder of their student loan is forgiven. The loan forgiveness program is income-based, meaning employees with a higher amount of student debt relative to their income will receive the greatest benefit. Enrolling in the program as early in their career as possible will result in the largest amount of loan forgiveness.

Employers using the automated income and employment verification service from The Work Number may greatly benefit through the qualification and recertification processes of certain student loan repayment programs. The automated solution maintains compliance with the Federal Fair Credit Reporting Act (FCRA) while improving internal efficiency, consistency, and security of their employee payroll information. Student loan servicers may also benefit from utilizing this instant income and employment solution, versus requesting directly from employers, ultimately resulting in quicker decisions, based on real-time, accurate data.

Bottom Line

[The need for income and employment verifications continues to increase](#), based on the ever-changing financial landscape, rising student loan default rates, regulatory lending requirements, and growing Government benefit enrollment rates. Employees are encountering more life events and financial choices requiring verifications as part of the application, qualification, and decision process. Employers that focus on secure, compliant, and efficient verification processes not only help to protect themselves from potential litigation risk, but also provide what can be a significant benefit to their employees, enabling their access to the credit and benefits they need, when they need it.

To learn more about how Equifax Workforce Solutions can help you manage your income and employment verifications, please contact Pete Krieshok at 314.214.7325 or pete.krieshok@equifax.com

Additional Links for Employers in the Public Sector:

<http://www.consumerfinance.gov/paying-for-college/repay-student-debt/>

http://files.consumerfinance.gov/f/201308_cfpb_public-service-toolkit.pdf