



Vault™ & CUNA Mutual Group

7.22.2020 Presentation to WI Student Debt Taskforce

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The First and Most Trusted

Founded 2013, Austin, TX

1,600+ Clients

2,900,000 Employees



Prudential



mastercard.

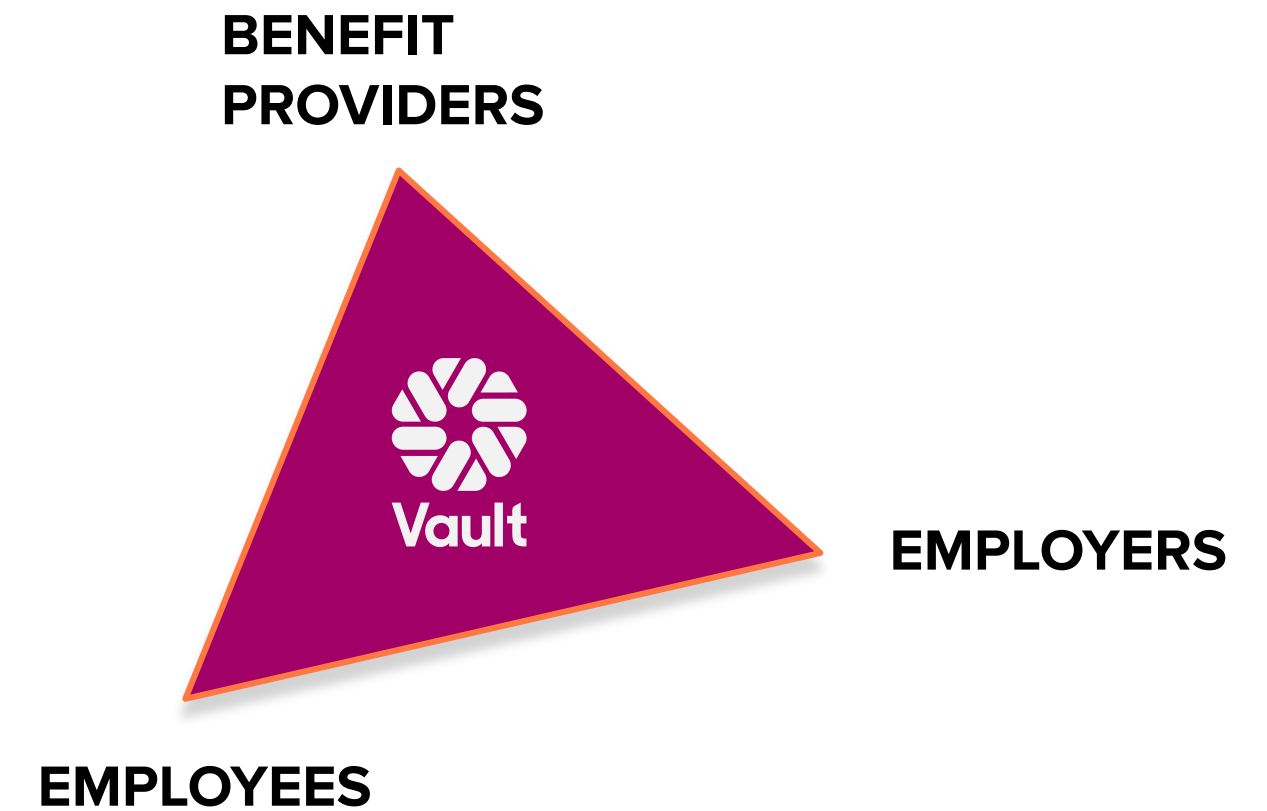
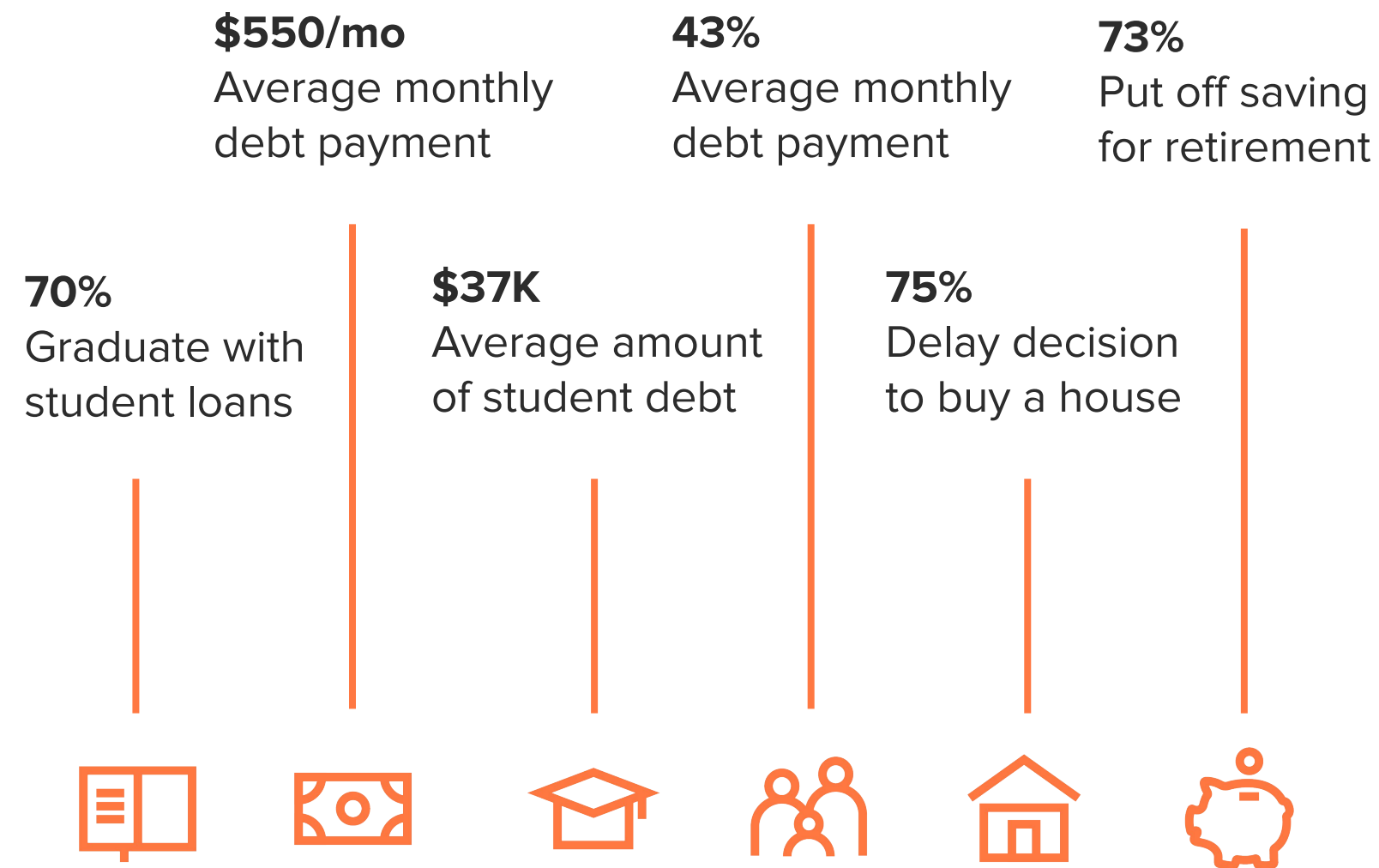
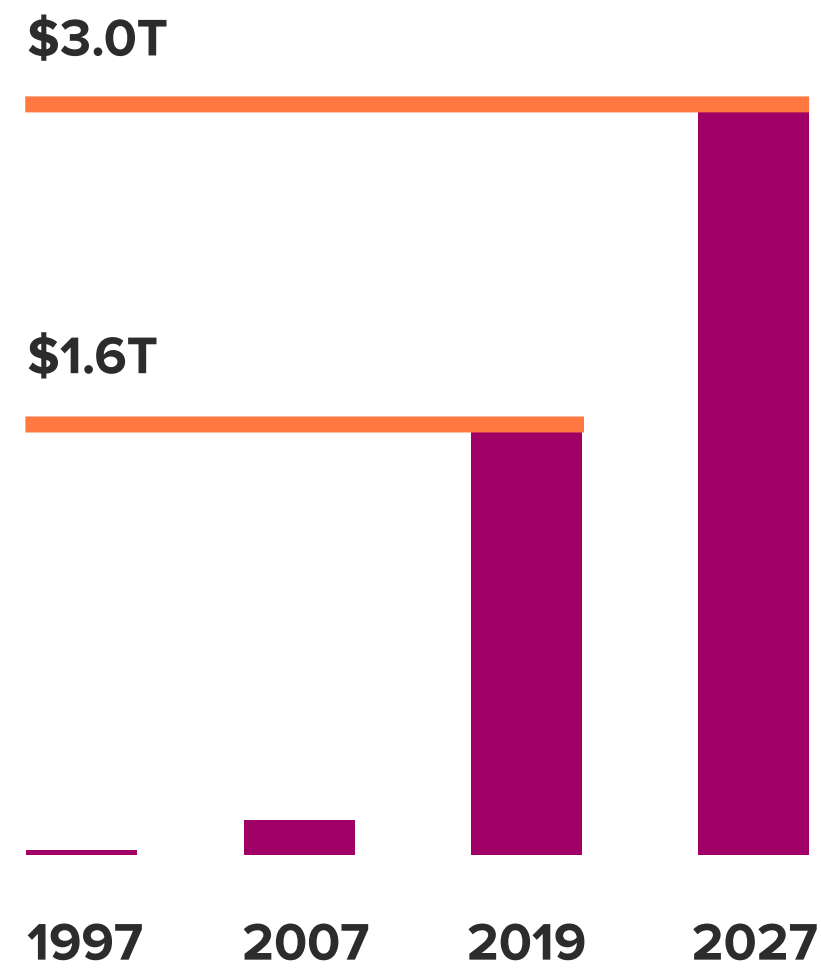
RALPH LAUREN



Problem and Solution

A \$1.6T Debt Crisis
Poised to Double

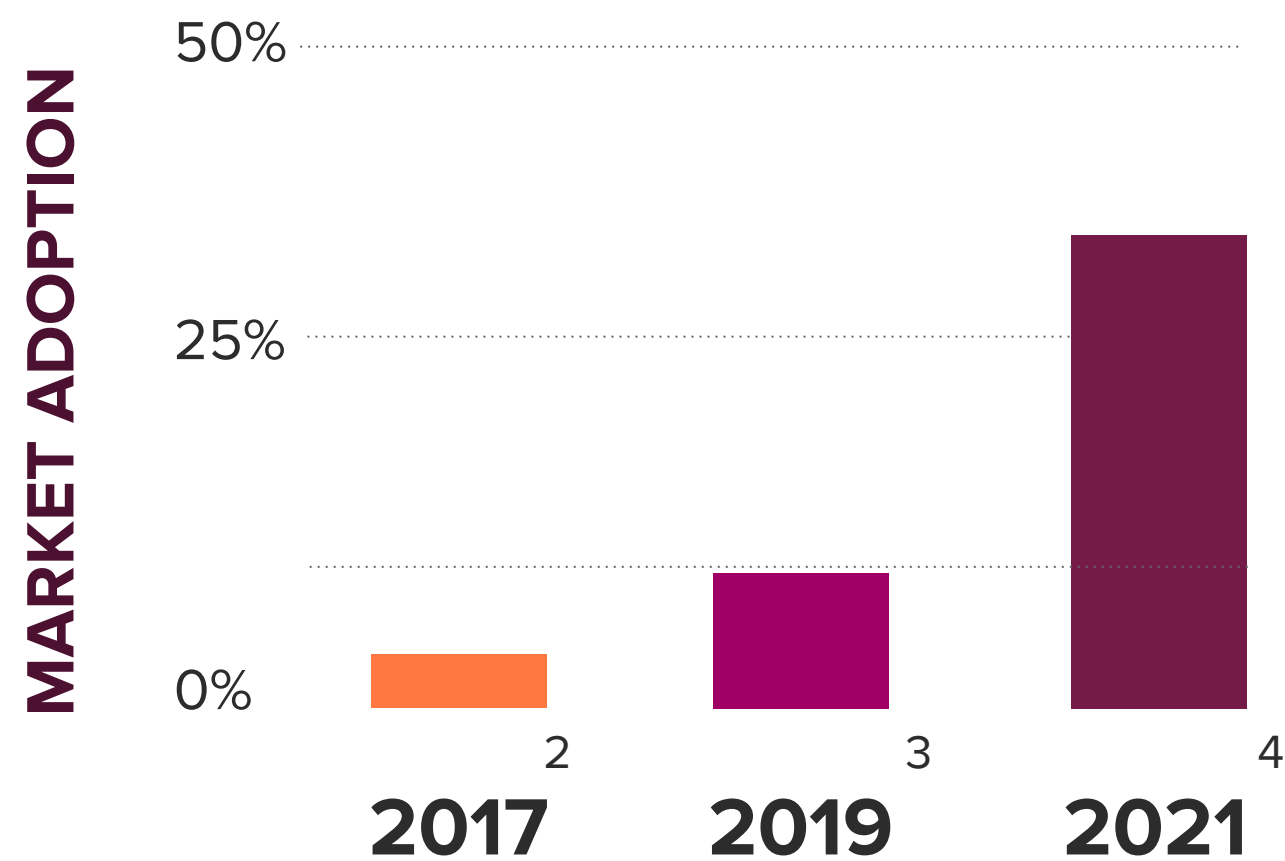
+ Employee "Lives on Hold" = A Solution Meeting Three-Party Needs



Market Conditions

The number of employers offering a student loan benefits is growing.

STUDENT DEBT REPAYMENT AS AN EMPLOYMENT BENEFIT



² EBN

³ WTW research report

⁴ SHRM study

The Abbott Private Letter Ruling has driven awareness and interest.

Under the Abbott Labs “Freedom to Save” program addressed in a 2018 private letter ruling, a 401(k) student loan repayment contribution is a “nonelective contribution” that may be made by an employer.

- Vault pioneered the Match software concept with a large financial institution in 2016, prior to the Abbott Letter’s pivotal rulings from IRS and the Department of Labor.





The Vault™ Platform

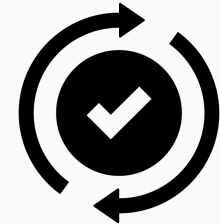
Vault's Competitive Advantage: Conflict-Free Fintech

Vault is the leading student loan benefits platform, providing employers with conflict-free technology to improve employee recruiting and retention.



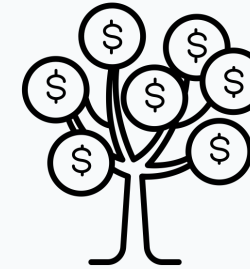
Conflict-Free

Advice based on employee outcomes, not banking relationships



Full Service

Comprehensive product suite of student loan assistance benefits



Retirement Plan Provider-Preferred

Five top providers have chosen Vault



First to Market

First in field to develop an Abbott Labs-PLR-based product (Match)

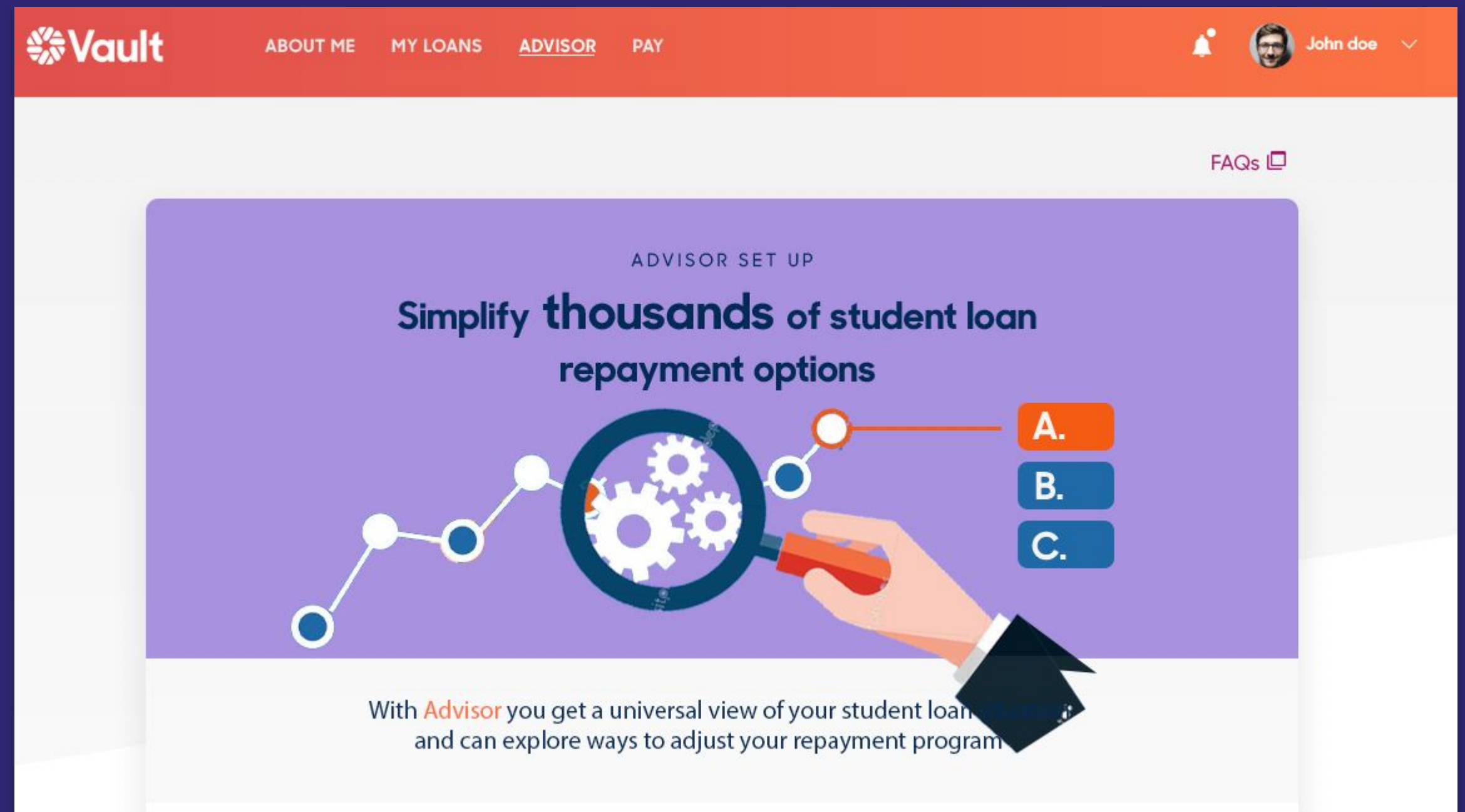
The Platform

Employer-Provided Student Loan Benefits

Vault™ Advisor

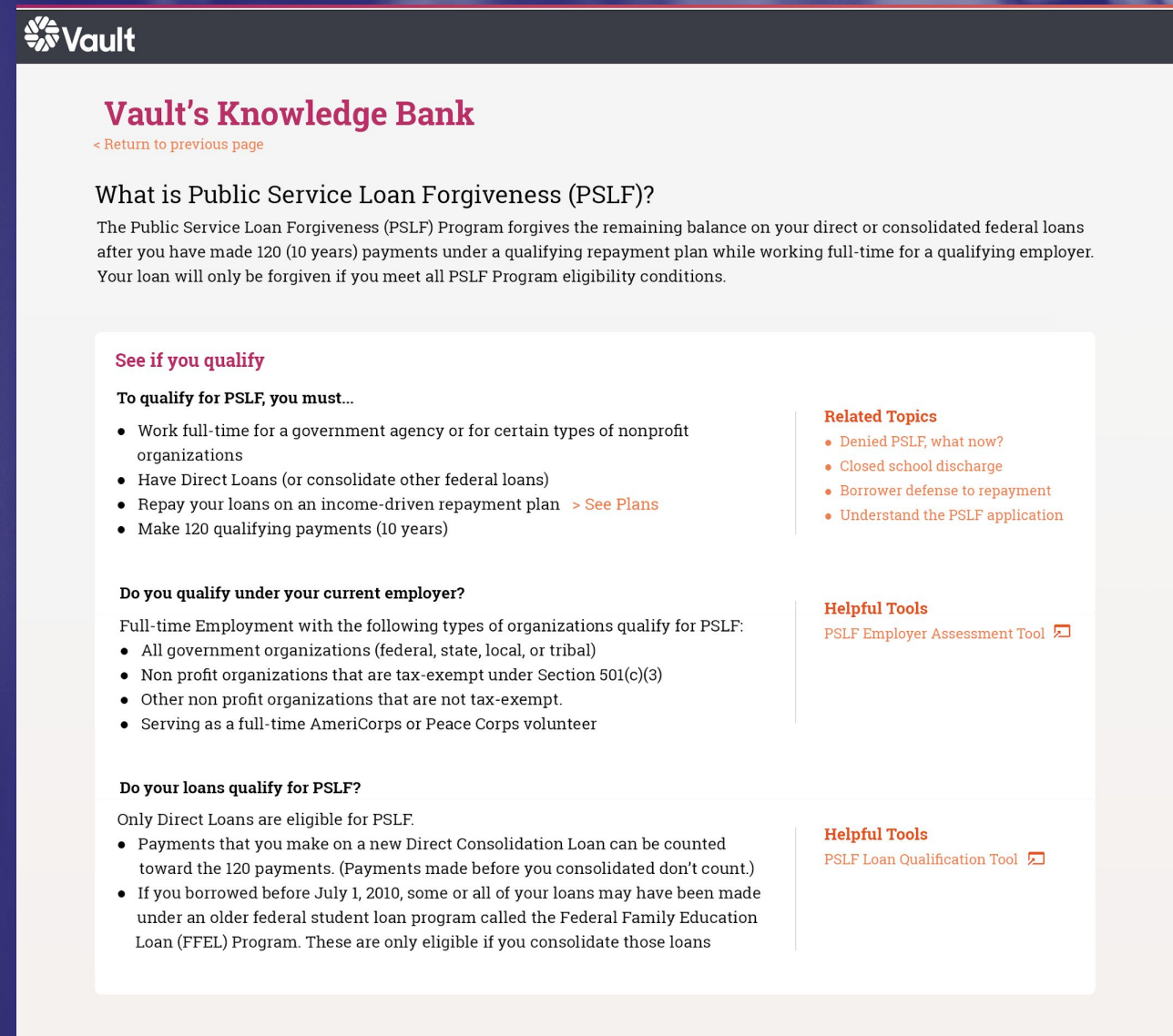
Simplify and Optimize

Robust debt management platform simplifying and optimizing thousands of repayment scenarios into easy to understand guidance for employees & family members.



More Detail: PSLF

PSLF Within Vault™ Advisor



Vault's Knowledge Bank
[Return to previous page](#)

What is Public Service Loan Forgiveness (PSLF)?
 The Public Service Loan Forgiveness (PSLF) Program forgives the remaining balance on your direct or consolidated federal loans after you have made 120 (10 years) payments under a qualifying repayment plan while working full-time for a qualifying employer. Your loan will only be forgiven if you meet all PSLF Program eligibility conditions.

See if you qualify

To qualify for PSLF, you must...

- Work full-time for a government agency or for certain types of nonprofit organizations
- Have Direct Loans (or consolidate other federal loans)
- Repay your loans on an income-driven repayment plan [> See Plans](#)
- Make 120 qualifying payments (10 years)

Related Topics

- Denied PSLF, what now?
- Closed school discharge
- Borrower defense to repayment
- Understand the PSLF application

Do you qualify under your current employer?
 Full-time Employment with the following types of organizations qualify for PSLF:

- All government organizations (federal, state, local, or tribal)
- Non profit organizations that are tax-exempt under Section 501(c)(3)
- Other non profit organizations that are not tax-exempt.
- Serving as a full-time AmeriCorps or Peace Corps volunteer

Helpful Tools
[PSLF Employer Assessment Tool](#)

Do your loans qualify for PSLF?
 Only Direct Loans are eligible for PSLF.

- Payments that you make on a new Direct Consolidation Loan can be counted toward the 120 payments. (Payments made before you consolidated don't count.)
- If you borrowed before July 1, 2010, some or all of your loans may have been made under an older federal student loan program called the Federal Family Education Loan (FFEL) Program. These are only eligible if you consolidate those loans

Helpful Tools
[PSLF Loan Qualification Tool](#)

EXPERT PSLF GUIDANCE

1

Vault provides 1:1 employee & family member PSLF advising.

2

PSLF education occurs up front; employees are informed about PSLF before they register within Vault Advisor.

3

Employees receive proactive communication: PSLF-eligible employees receive an email guiding them through PSLF and encouraging them to schedule a 1:1 session.

Employees who schedule a 1:1 receive preparation and follow-on materials.

The Platform

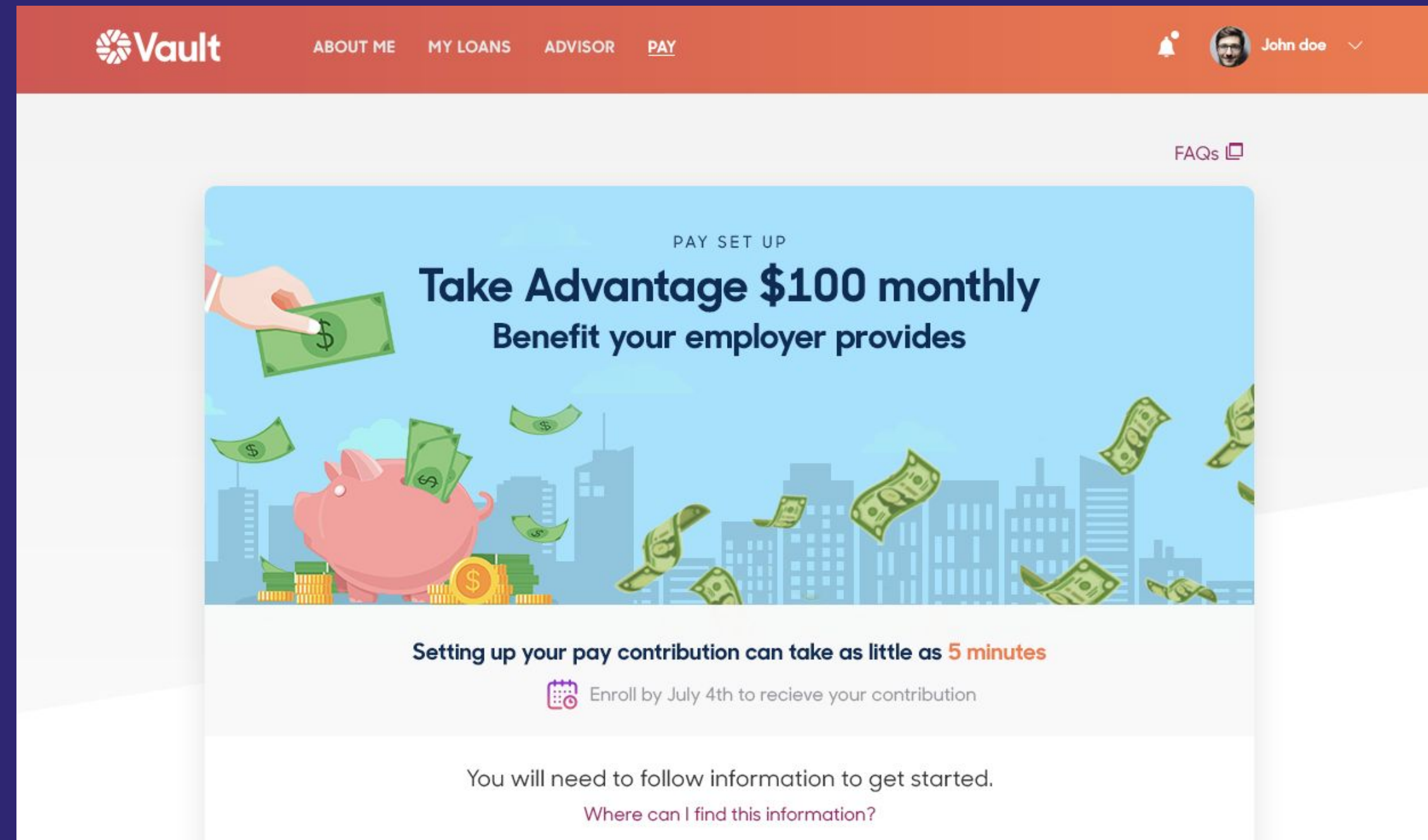
Employer-Provided Student Loan Benefits



Vault™ Pay

Pay Down Employee Loans

Compliant and highly-secure payment system allowing employers to reallocate benefit resources to the highest impact area: employee student debt.



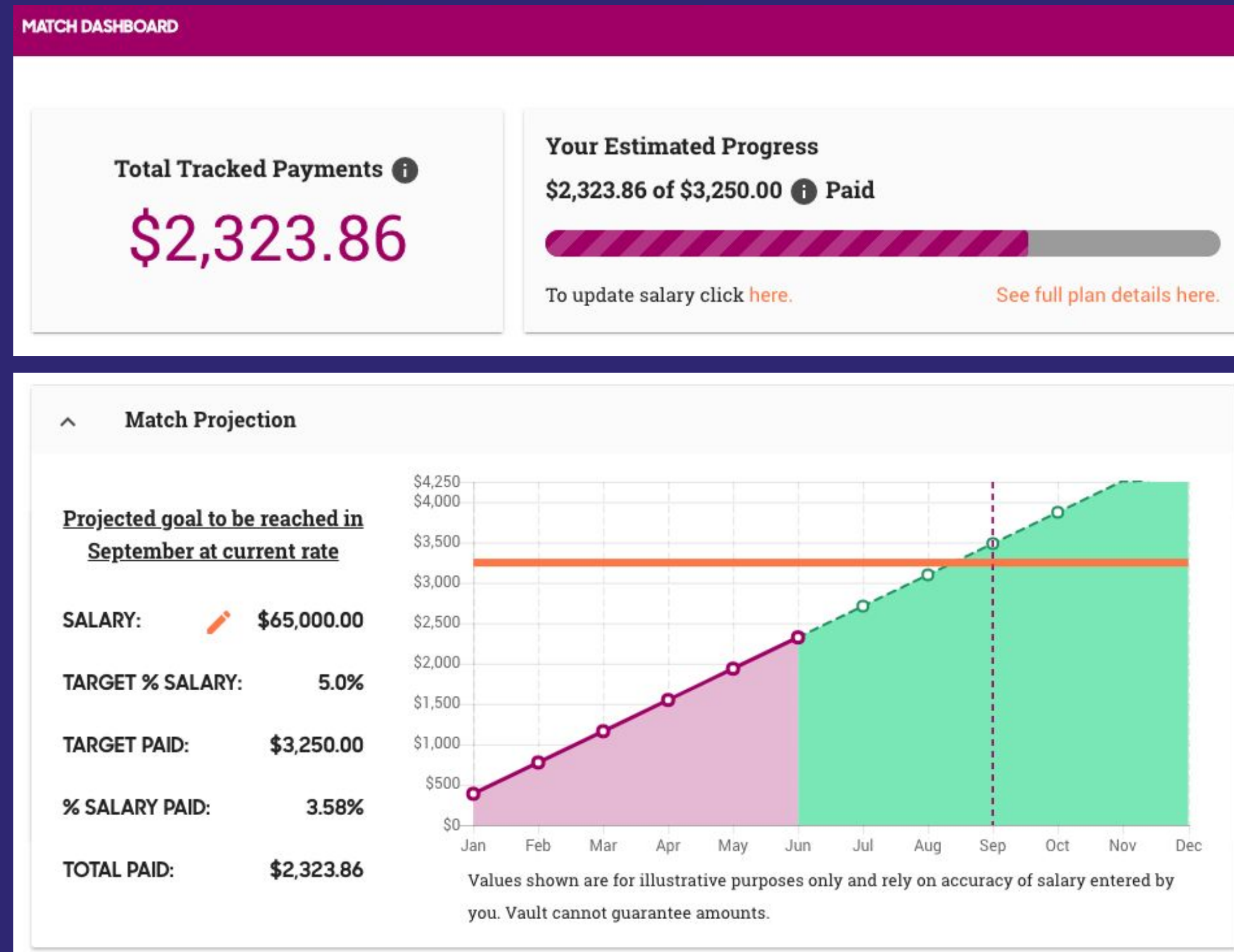
The Platform

Employer-Provided Student Loan Benefits

Vault™ Match

Optimize 401(k) Match Contributions

Based on the Abbott private letter ruling, maximize employees' retirement savings while using earmarked funds and maintaining the tax advantages of a 401(k) plan.





Impacts & ROI

HEALTHCARE: ROI AT WORK

The healthcare worker shortage will spur 600,000 vacant positions by 2025. A large healthcare provider who granted Vault Pay to nurses realized a **218% retention** and retention ROI and 1.1 month **benefit breakeven** in year one.

A monthly loan contribution made to new and existing registered nurses at a Vault healthcare client, with no lifetime cap, added 450 active Vault Pay users, who received a collective \$45,000 payment toward their student loan debt.

Within one month of using Vault Pay, employees were projected to save over \$11,100 across the life of their loans, achieving payoff 7 years faster while their employer reduced churn and hiring fees by triple-digit percentages.

ROI is calculated using cost-to-replace, human resource allocation costs, productivity loss, and hiring fees (including perks, sign-on bonuses and relocation).



A 2019 analysis of a cohort of 1,500 employees receiving student loan contributions from their employer using Vault Pay showed a **28% improvement in job retention, when controlling for other variables.**

A ten-year regression analysis of 1,597 employees receiving monthly employer-sponsored contributions through the Vault Pay software platform found a positive correlation of 1.79% linking the number of contributions received and the probability that the contribution recipient was still employed by the sponsoring company at the end of a one-and-a-half-year time period.

This model includes the employee's start dates to isolate the effects from the simple passage of time; applying the median number of contributions per employee in the sample, the coefficient for contributions yields a 28% increase in the probability of each employee being retained through the studied time period. These findings provide a strong initial signal of the benefits to employers in terms of increased retention, and are consistent with external studies that have found employees more likely to stay with a company that offers an SLA benefit.



CUNA Mutual Group

CUNA Mutual Group's Offering & Experience

- Understood the growing burden the student loan crisis placed on our employees
 - Desire to assist
 - Attract & retain talent
 - Good fit with company purpose
- Intrigued by the opportunity the PLR provided
 - Help employees who wanted to use their money to pay down their debt faster while allowing them to not put off building retirement savings through the 401(k) employer match
- Saw Vault Advisor as the perfect compliment to the Match program
 - Allowed anyone with student loan debt to potentially consolidate loans, pay them down faster, and/or reduce monthly payments
 - Ability of those who didn't have student loan debt to invite up to three to use the platform (e.g., children)

CUNA Mutual Group's Offering & Experience

- Lessons learned
 - Set realistic expectations as to what success means
 - Easier than anticipated to implement
 - Education is extremely important
 - Rely on expertise of partners
 - Used their call center to not overwhelm our HR call center
 - Joint presentations with Vault when launching
 - Launched during open enrollment
 - In hindsight may have given it its own off-cycle enrollment date
 - Focus solely on the offering
 - Not have it confused with other benefits

CUNA Mutual Group's Offering & Experience

- To Date:
 - Advisor:
 - 229 employees on the platform, 131 have uploaded their loan information
 - Of those 131
 - » Total debt of \$7.2M
 - » Average of \$54,951 per employee
 - » Average monthly payment of \$404/month
 - Match:
 - 143 enrolled in program
 - 22 previously deferred 1% to <5% to 401(k)
 - 26 previously deferred 0%
 - Positive/appreciative feedback



Recommendations

Recommendations

At the Federal level:

- Advocate for Treasury guidance on the “Abbott Labs” program beyond private letter rulings.
- Support the continuation of the CARES Act provision allowing employers to contribute tax-exempt dollars to employees’ student loan benefits.

At the State level:

- Provide access to student loan debt management tools to all Wisconsinites with student debt.
- Consider one-time or ongoing financial contributions to WI student debt holders.





Q&A