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Student loan program pays off for Rise Interactive

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Rise Interactive, a Chicago-based digital marketing firm, makes it a point to consistently survey employees about engagement and get their thoughts on issues ranging from company culture to employee benefits. The general consensus? They were happy and engaged.

But in the last year, employees began to complain about the company's 401(k) plan.

That confused Nicole Skaluba, the company's director of employee services.

"Our 401(k) plan was pretty average, it was market competitive, so we asked them more questions about it," she explained Tuesday at *EBN*'s Benefit Forum & Expo in Boca Raton, Fla. "We wanted to dig into the reasons why they weren't happy because we really didn't understand it. Turns out they were OK with our 401(k), but bummed out they couldn't contribute more to it because they were paying off student loans," she said.

Recognizing that burdensome student loans had become a problem, Rise Interactive looked for a way to help.

That's why earlier this year, Rise Interactive partnered with Peanut Butter, a student loan administrator founded in 2015 by David Aronson. Rise decided to contribute $50 a month toward employees' student loans, and told its 230 workers about the new offering through a variety of vehicles, including newsletters, in-office signage and in recruiting materials.

It was an immediate hit: On the first day the benefit was announced, more than 10% of employees signed up. Employee participation is now at 24%, but Skaluba expects that number to grow significantly, especially as new young employees, often with massive amounts of student debt, join the company. (The average age of Rise's employees is 27.)

"[The student loan repayment benefit] has already been a huge recruiting and retention piece for us," she said. "People are really proud to work for an organization that's offering this. It's been a great benefit for us."

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Companies can reap high rewards — from retaining and attracting talent to helping to eliminate financial problems that tend to affect employee productivity — by offering a student-loan-repayment program, Aronson said during the session with Skaluba.

"It really helps them become an employer of choice. The student loan problem is felt by so many people," he said, noting that 26% of the U.S. workforce has student debt. But it's a growing problem: 71% of the class of 2017 graduated with debt. "Employers are choosing to add this because it's meaningful to their workforce," he said.

Aronson said that Rise's experience showcases lessons for other companies in developing an effective plan design. Those three lessons are:

Start low and grow. Aronson said that though many employers target a $100 monthly= contribution, $50 a month is a good starting point. It minimizes enrollment risk, and then= employers can see how it works out. They can increase their contribution later if they decide to.

Keep it simple. "Rise is making all employees eligible for the benefit, making it available day= one, and there are no tiers or special requirements related to their plan," Aronson said.
"Tactically what that means is the program is very easy to communicate and it's easy to= understand for the employee."

Recognize that it's about people. Ultimately, student loan repayment is a benefit that= employees want and need. And while it benefits the employee, it also benefits the company.

"While student loan will not be the sole reason somewhere like Rise is a great place to work, it's one reason it is," Aronson said.