A Solution for Education Debt Relief, Forgiveness Eases a Burden for Our Pandemic Front-Line Staff

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Every day, the healthcare professionals at Temple University Health System do truly heroic duty—and at no time was that truer than during the COVID-19 pandemic.

With our people giving their all to meet a crushing public health crisis, we have wanted to do everything we can, as an employer, to help ease their other burdens—like management of the education debt that many of our workers have incurred to earn the degrees and certifications required to provide expert care.

That's a big reason why, as the pandemic took hold, we implemented an innovative program offered by our retirement benefits provider, TIAA, and a social impact technology firm, Savi, to provide some relief to our team members with student loans. It's a benefit we hoped would make a true difference for them in an extraordinarily stressful time.

Education debt: A staggering burden

According to the Education Data Initiative, borrowers across the country now owe a staggering *$1.749 trillion* in student loans. More than 43 million borrowers have federal student loan debt, and the average balance is more than $37,000. For many professionals with particularly rigorous academic credentials, like healthcare providers, loan balances can be much higher. And borrowers at all levels report that they're struggling to repay their loans or that their debt has hindered their ability to pursue other, essential financial and life goals.

When the pandemic hit, the federal government did provide some help. Since March 2020, federal student loan borrowers haven't been required to make any loan payments (payments are scheduled to restart after Aug. 31 this year). However, recent research by TIAA indicates that once the relief program ends, the vast majority of nonprofit and public sector employees will struggle to keep up with their payments.

Over the longer-term, many people who work in public service, including those at healthcare institutions such as ours, have been eligible to take part in the Public Service Loan Forgiveness (PSLF) program. Initiated in 2007, the program permits some borrowers who make 120 consecutive monthly payments to have the remainder of their balance forgiven.

Unfortunately, PSLF has had a very low forgiveness rate—partly because borrowers have had trouble understanding program rules and managing all the paperwork involved. The U.S. Department of Education reported in October 2021 that only 2.1% of nonprofit and public service worker applications were successfully approved.

We wanted to make the PSLF program really work for our own borrowers—so we enlisted the help of TIAA and Savi. Together, they offer to TIAA's plan sponsors an easily used tool that helps borrowers enter and successfully complete the PSLF program—and get the relief they've rightfully earned through their service.

Helping individuals comply with program requirements

Individuals sign up by answering some simple questions. From there, the Savi software devises an income-driven, money-saving loan repayment plan and determines whether the person qualifies for debt forgiveness. The solution acts as a "concierge," helping borrowers stay compliant with PSLF's many, ongoing paperwork requirements and avoid errors.

The program has been especially critical during the loan relief period in effect since May 2020. That's because even months when payments have not been required can count toward the 120 total payment months that qualify a borrower for loan forgiveness—making it as important as ever for borrowers to follow all the other program requirements.

Importantly, the program has required no IT involvement on our part, making implementation trouble-free, and TIAA and Savi have provided helpful guidance and support on communicating the program to our employees.

Since September 2020, nearly 400 Temple Health team members have received personalized assessments of their options and support. We estimate they will achieve, on average, more than $53,000 in loan forgiveness.

We can't overstate just how much dedicated healthcare professionals, here and elsewhere, have done for all of us over the past two years—often while risking their own health and wellbeing. It's critical that we help them in return—and at Temple University Health System, we're enormously grateful for a way to do just that.

HIGHLIGHTS

Client name: Temple University Health System

Headquarters: Philadelphia, Pennsylvania

Industry: Temple Health is a major Philadelphia-based academic health system that is driving medical advances through clinical innovation, pioneering research and world-class education.

Problem solved: Temple University Health System was trying to find a product that would help employees manage their student loans and navigate the complex PSLF process.

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