

Student Loan Solutions

Attract and retain employees by helping them manage student loan debt

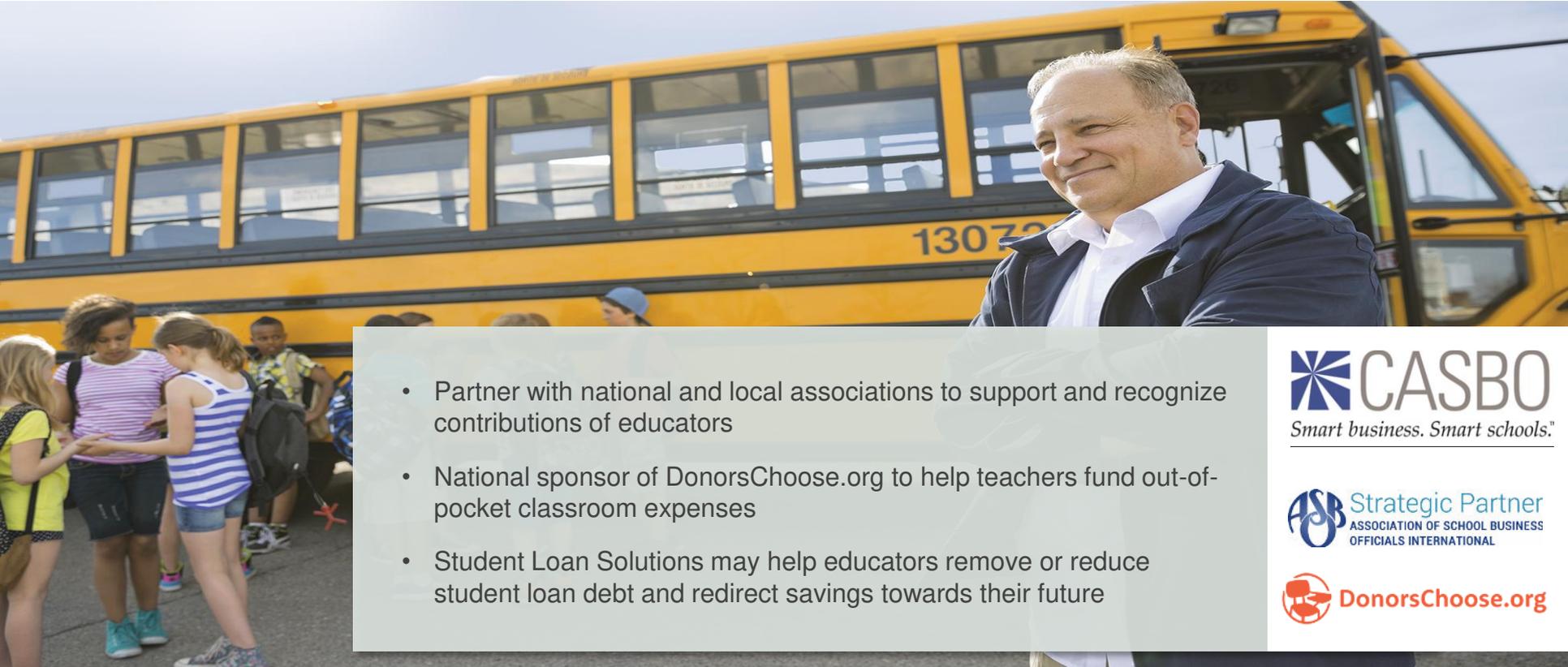


Horace Mann's commitment



- Founded by two Springfield, Illinois, teachers in 1945
- Offering 403(b) retirement savings programs since 1961
- Provide educators with affordable insurance and retirement solutions
- Help employees understand their retirement options through workshops, online resources and personal consultations

Horace Mann's partnerships



- Partner with national and local associations to support and recognize contributions of educators
- National sponsor of DonorsChoose.org to help teachers fund out-of-pocket classroom expenses
- Student Loan Solutions may help educators remove or reduce student loan debt and redirect savings towards their future

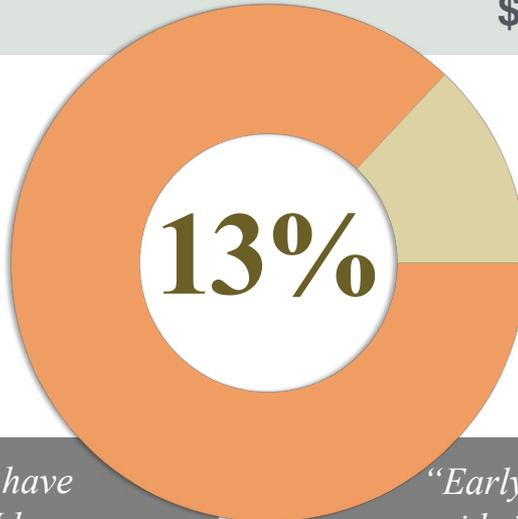


Burdened by debt

Average teacher
starting salary
\$36,141

Average college
graduate loan debt
\$37,000

*Monthly
take-home
pay*



*Monthly student
loan payment*

13% or more of a teacher's
take-home pay could be
spent paying down student
loan debt for the next 10
years

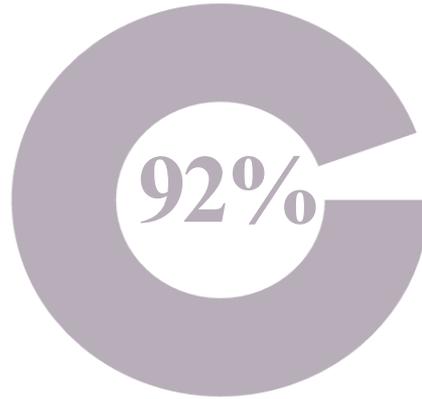
*"We make less, so you just have
to budget what you can afford. I have very
little extra money for savings."*

*"Early in their career, teachers
are paid significantly less, and it makes
it a struggle to pay off student debt."*

Out-of-pocket expenses



of teachers spend their own money on classroom supplies



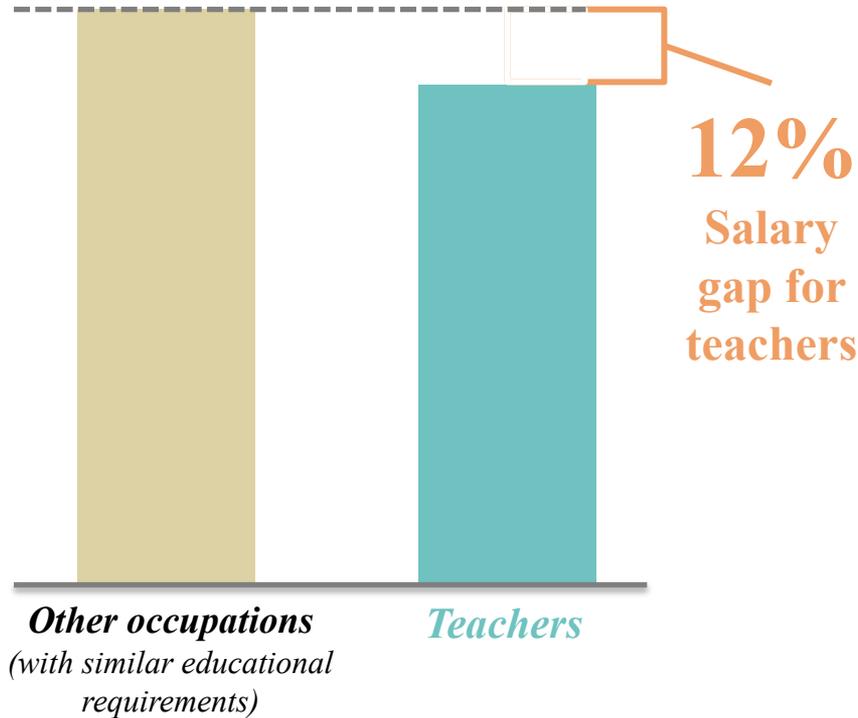
of teachers buy instructional materials for their students



Teachers spend an average of \$500 per year

Lower earnings...

and the gap continues to widen



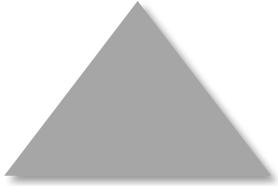
Teacher salaries are 12.5% less than the salaries of professionals in occupations with similar educational requirements.

Unfortunately, there's evidence to suggest that this gap widens with time.

“One of my biggest worries is retirement. Because my salary is less to begin with, my retirement pay will be significantly lower.”

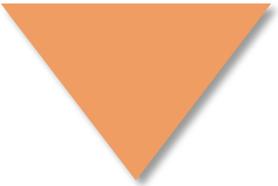
- Educator, Horace Mann Educator Advisory Panel

Teacher shortage



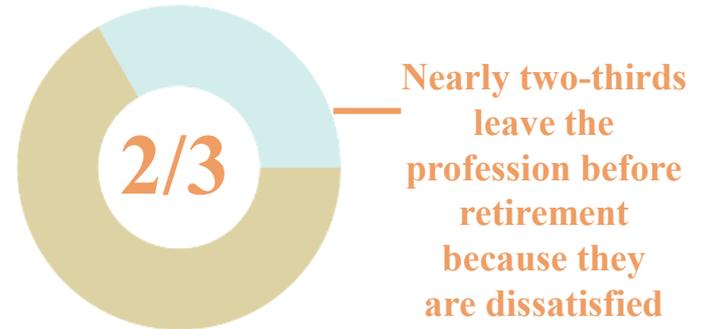
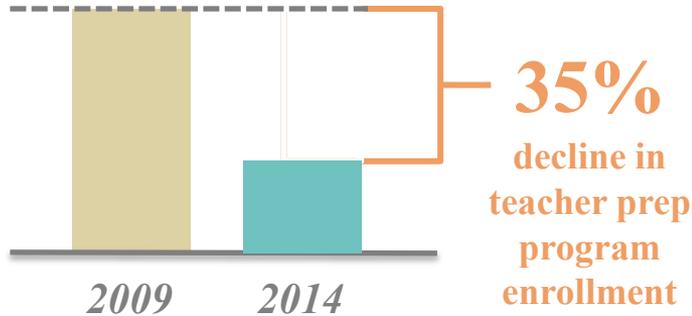
Increased demand for teachers

Schools continue to reinstate classes and programs eliminated during the Great Recession.



Decreased supply of teachers

Teacher attrition remains high and is the single, biggest contributor to the shortage.



Addressing the retention issue

“In times of shortage, policymakers often focus attention on how to get more teachers into the profession, but it’s equally important to focus on how to keep the teachers we do have. Reducing attrition in half, from 8% to 4%, would virtually eliminate overall shortages.”

- Leib Sutchter, Learning Policy Institute

Solving financial issues helps retention

Educator financial issues

- Not saving enough (or at all)
- Uncertainty about pensions and Social Security
- Not making enough to pay off student loan debt
- Spending own money in the classroom

Effect on school districts

- Strains ability to attract and retain talent
- Diminished employee morale
- Lower productivity
- Employees working later into life, resulting in higher benefit costs

Helping employees focus on their financial success can help employers improve retention of educators.

Managing student loan debt

**\$1.5
trillion**

Student loan debt nationwide tops \$1.5 trillion – more than credit card debt or auto loans.

\$37,700

Student loan debt averages more than \$37,000 – which can be more than a full year’s salary for a new teacher (\$36,141).

71%

71% of educators agree: “For many young teachers today, student loan debt is the difference between wanting to continue to teach and **wanting to change career paths** to a career that pays better.”

We can help: Student Loan Solutions



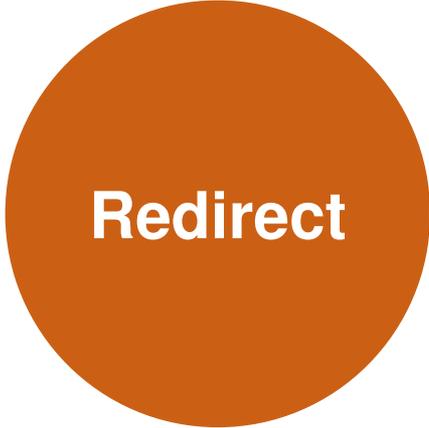
Remove

Under certain conditions, student loan debt can be forgiven.



Reduce

Repayment and refinancing options may help lower payments.

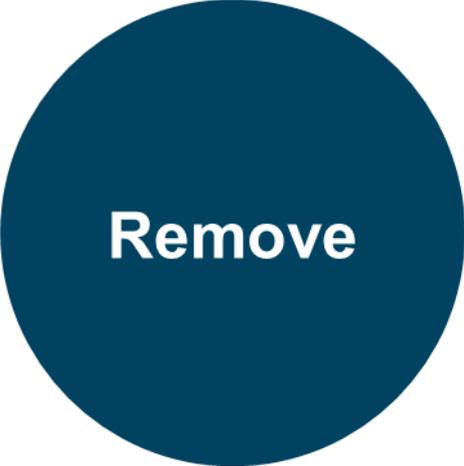


Redirect

Any savings can be redirected toward other financial goals.

Horace Mann has a **Student Loan Solutions** team dedicated to helping educators manage their student loan debt.

Removing student loan debt



Remove

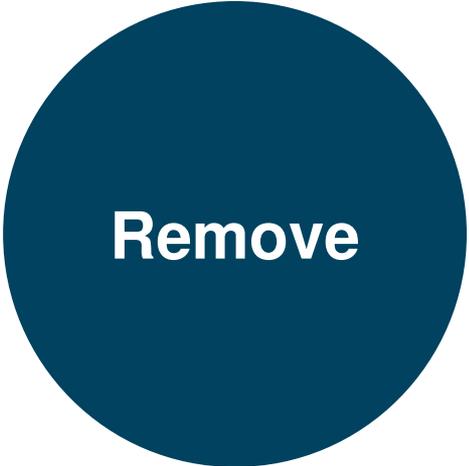
We can help your employees navigate the three federal government loan forgiveness programs that may remove some or all of their student loan debt.

Your employees may be eligible for forgiveness if they:

- Are a full-time teacher in a qualifying low income school who teaches or will teach for five consecutive years;
- Are a full-time employee in a qualifying public service organization who makes 120 qualifying loan payments; or
- Are a Perkins or Parent Plus borrower.

Teacher Loan Forgiveness Program

Designed for current and former classroom teachers



Remove

✓ **Qualifications**

- Must teach five consecutive years in a qualifying low income school
- Must be a new borrower after Oct. 1, 1998

✓ **Qualifying loans**

- Subsidized and Unsubsidized Stafford Loans
- Federal Family Education Program Loans (FFEL)
- Direct Subsidized Loans
- Direct Unsubsidized Loans

✓ **Forgiveness amount = \$5,000 for most teachers**

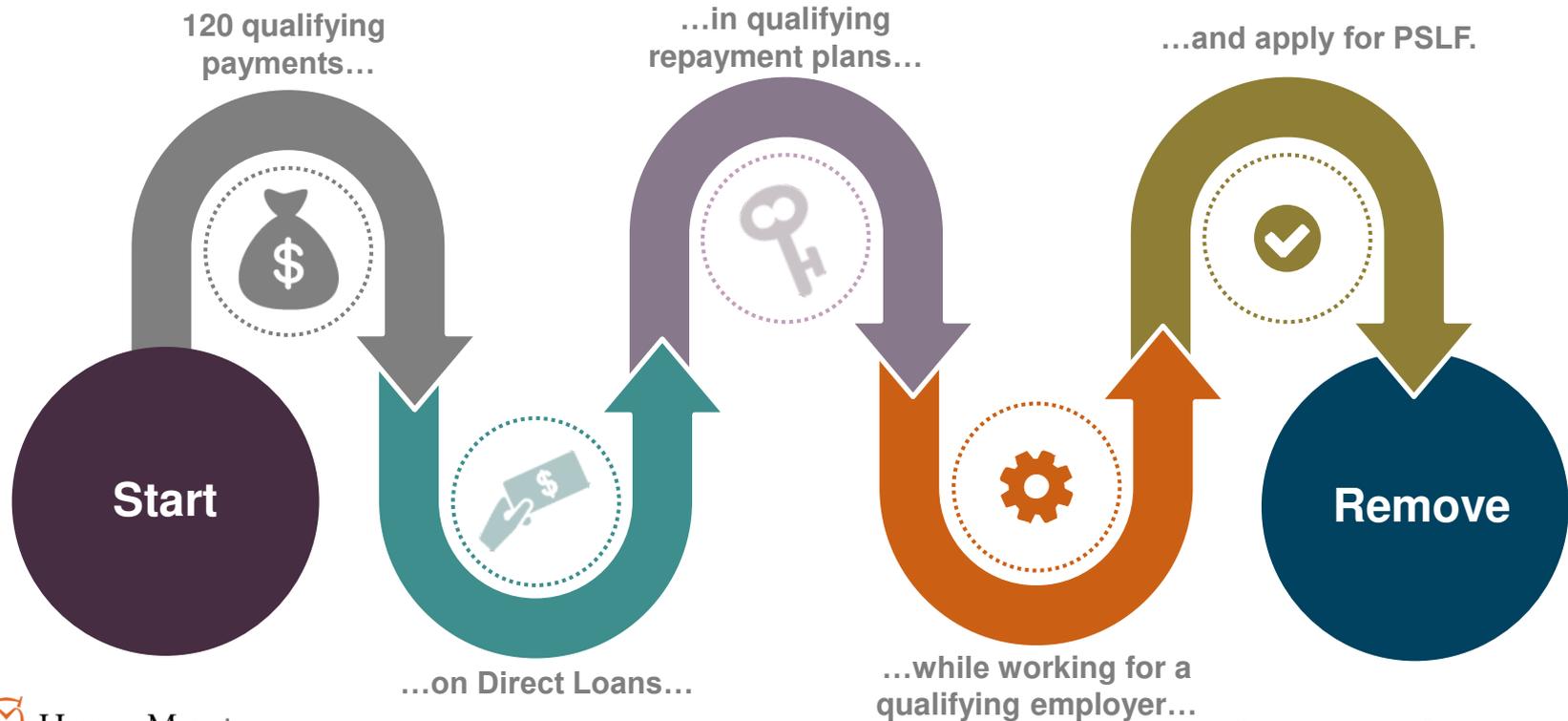
Up to \$17,500 for:

- Special education teachers (*any grade*)
- Highly qualified secondary* math and science teachers

Public Service Loan Forgiveness (PSLF)

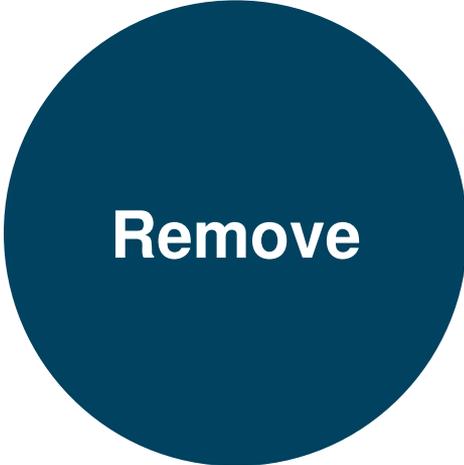
This program is available to **all** full-time public service employees

After program completion, the amount forgiven = **remaining loan balance**



Parent PLUS loans qualify for PSLF

Loans taken for a child's education may be forgiven



Remove

In order to qualify...

- ✓ The loan must be in parent/employee's name
- ✓ Must be a Federal Direct Parent PLUS Loan
- ✓ Must consolidate to a Direct PLUS Loan
- ✓ Must make income-contingent repayments
- ✓ Must remain in full-time public service employment for 120 months while making qualifying payments

Children can go to school to pursue any vocation with any institution, and the forgiveness is based on **your employee's** service in education!

Perkins Loan cancellation and discharge

Remove

- ✓ Often referred to as the “campus-based loan”
- ✓ Borrower navigates this program with the college/university that issued the loan
- ✓ Forgiveness amount = up to 100% over five years



Repayment plans based on income

Income-driven repayment options may reduce monthly payments and make them more manageable. The typical default repayment plan is the standard 10-year level repayment plan.



Larger payments!

REPAYMENT PLAN	FIRST MONTHLY PAYMENT	LAST MONTHLY PAYMENT	TOTAL AMOUNT PAID	PUB SERVICE LOAN FORGIVENESS	REPAYMENT PERIOD
Standard	\$755	\$755	\$90,565	\$0	120 months

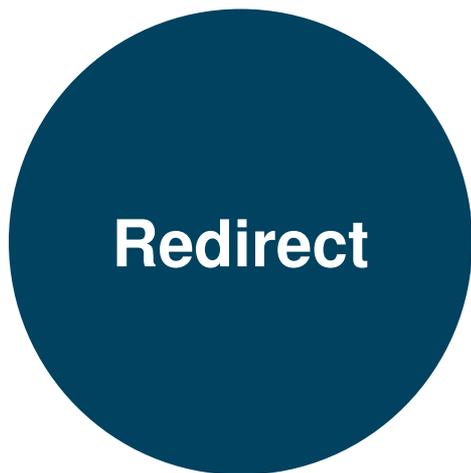
Income-driven repayment plans qualify for PSLF!

Qualify for PSLF!

Revised Pay As You Earn (REPAYE) ⓘ	\$149	\$279	\$25,137	\$67,832	120 months
Pay As You Earn (PAYE) ⓘ	\$149	\$279	\$25,137	\$75,663	120 months
Income-Based Repayment (IBR) ⓘ	\$224	\$419	\$37,705	\$63,095	120 months
IBR for New Borrowers ⓘ	\$149	\$279	\$25,137	\$75,663	120 months
Income-Contingent Repayment (ICR) ⓘ	\$399	\$546	\$59,124	\$35,448	120 months

Generally, when making lower payments or extending a repayment period, borrower will owe more in interest over time, but if they receive PSLF, it will be forgiven.

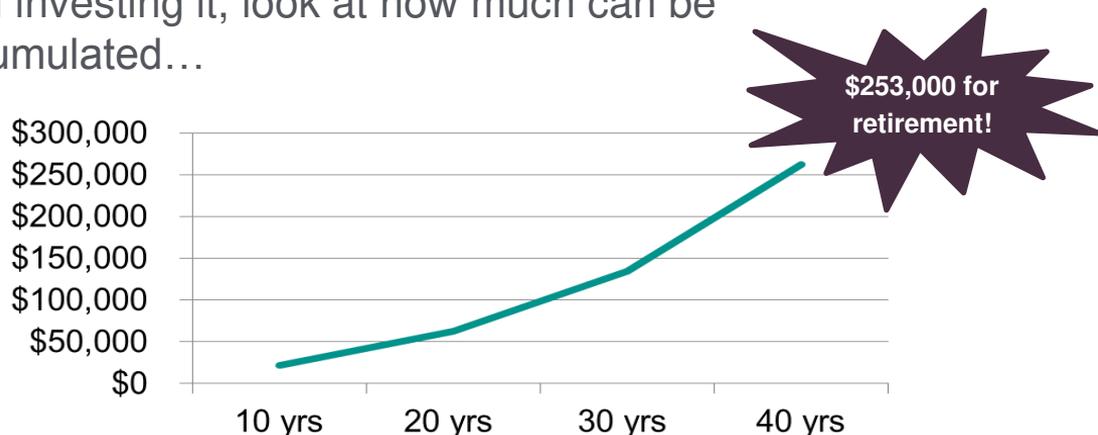
Redirecting student loan payments



Redirect savings from student loan payments to help achieve retirement goals.

Redirect any saved dollars to help achieve long-term financial goals, such as retirement.

By saving \$132 in monthly student loan payments and then investing it, look at how much can be accumulated...



Assumes 6% annual earnings and no withdrawals. Results are hypothetical for illustrative purposes only and do not reflect the performance of any specific investment.

See how it works...

\$88,000 in debt eliminated and approximately **\$20,000** in retirement savings gained



Meet Kate

Age: **24** AGI: **\$30,000**
Beginning student loan debt total: **\$50,000**
Monthly payments: **\$347/mo for 300 months**
Retirement savings: **\$0/mo**

Income-based repayments

Old loan payment: **\$347/mo**
New loan payment: **\$99/mo**

Save for the future

Old investment/mo: **\$0**
New investment/mo: **\$100/mo**
Adjusted loan payment: **\$89/mo**

Continue teaching

Continue teaching: **10 years while making 120 payments**
Continue investing: **\$100+5% annually**
Submit PSLF eligibility form

Goals achieved

Age: **34**
Debt eliminated: **\$88,000+**
Total saved for retirement: Approximately **\$20,000+**

Retirement Savings Contributions Credit (Saver's Credit)

- **You may be able to take a tax credit for making eligible contributions to your IRA or employer-sponsored retirement plan**
 - 50%, 20% or 10% of your retirement plan or IRA contributions up to \$2,000 (or \$4,000 if married filing jointly)
 - Based on your income and filing status
- **Maximum income for a credit**
 - \$32,000 (\$48,000 if head of the household)
 - \$64,000 if married and filing jointly
- **Eligibility (must meet all three)**
 - Age 18 or older
 - Not a full-time student
 - Not claimed as a dependent on another person's return



Your employees don't have to pay for help with their student loans

There are companies offering to help individuals manage student loan debt for a fee.

- Employees may see ads or receive emails offering to help
- Be careful considering any offer of assistance for a fee
- There are **no fees** to apply for U.S. Department of Education programs

Horace Mann offers student loan assistance at no cost to your employees!



Refinancing may be the right option



Reduce

Citizens One Education Refinance Loan[®] customers saved an average of **\$128/month or \$1,536/year**¹

- Potential to lower interest rate²
- Potential to lower monthly payment²
- Potential to increase monthly cash flow to redirect to retirement²



1. Average savings based on 28,590 actual customers who refinanced their federal and private student loans through Citizens One between August 1, 2016 and July 31, 2017. The borrower's savings might vary based on the interest rates, balances and remaining repayment term of the loans they are seeking to refinance. The borrower's overall repayment amount may be higher than the loans they are refinancing even if their monthly payments are lower. Refinancing provided by Citizens One. **Refinancing a federal student loan will make borrower ineligible for loan forgiveness programs, could lengthen the repayment period of the loan, and would result in a waiver of any current and future benefits of these programs.**
2. Citizens One Education Refinance Loan eligibility: Eligible applicants may not be currently enrolled, must be in repayment of their existing student loan(s) and must make the minimum number of payments after leaving school. Primary borrowers must be a U.S. citizen, permanent resident or resident alien with a valid U.S. Social Security Number residing in the United States. Resident aliens must apply with a co-signer who is a U.S. citizen or permanent resident. The co-signer (if applicable) must be a U.S. citizen or permanent resident with a valid U.S. Social Security Number residing in the United States. For applicants who have not attained the age of majority in their state of residence, a co-signer will be required. Citizens One reserves the right to modify eligibility criteria at anytime. Interest rate ranges subject to change. Education Refinance Loans are subject to credit qualification, completion of a loan application/consumer credit agreement, verification of application information, certification of borrower's student loan amount(s) and highest degree earned. Horace Mann receives compensation from Citizens One for each loan funded through this program. Horace Mann and Citizens One are unaffiliated.

Reinvest in yourself

Going back to school to further your career or have kids heading to college? Through our referral relationship with Citizens One, you can apply and may be approved for a Citizens One Student Loan[®].



- ✓ Competitive fixed or variable interest rates¹
- ✓ No application, origination or disbursement fees¹
- ✓ Multiple term and repayment options¹
- ✓ Aggregate loan amounts from \$1,000 - \$170,000¹



1. *Citizens One Student Loan eligibility: Borrowers must be enrolled at least half-time in a degree-granting program at an eligible institution. Borrowers must be a U.S. citizen or permanent resident or an international borrower/eligible non-citizen with a creditworthy U.S. citizen or permanent resident co-signer. For borrowers who have not attained the age of majority in their state of residence, a co-signer is required. Citizens One reserves the right to modify eligibility criteria at anytime. Interest rate ranges subject to change. Citizens One Student Loans private student loans are subject to credit qualification, completion of a loan application/consumer credit agreement, verification of application information, and if applicable, self-certification form, school certification of the loan amount, and student's enrollment at a Citizens One Student Loans-participating school. Horace Mann receives compensation from Citizens One for each loan funded through this program. Horace Mann and Citizens One are unaffiliated. **Please note: International students are not eligible for the multi-year approval feature.***

Questions?

Thank you for your interest

Schedule a no-cost educational workshop for your employees.

Presenter

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