



EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

175 South Lake Ave, Suite 200, Pasadena, California 91101

Tel: (800) 821.5659

Fax: (213) 895.7306

www.Edfed.com

Repayment Assistance Programs, Part 4

Another catch is that you have to maintain an acceptable level of performance on the job to continue getting student loan repayments. It's up to you and your employer to work out the definition of what's acceptable. The entire Federal Student Loan Repayment program, by the way, is at the discretion of your boss. The law states that your employer can even create a program specifically made for you!

And the last catch: the payments made on your behalf will be counted, under IRS guidelines, as taxable income to you. If you have an especially supportive boss, or an employer who's really hot to get you to come work at their agency, you can negotiate to have your employer pay those taxes.

In case your boss or a prospective employer needs prodding, here's what you can tell them that they'd have to do:

- Create a plan, if none currently exists, that describes how the agency will implement the student loan repayment program;
- Pay the employer's share of Social Security and Medicare taxes on the loan repayment;
- Report the loan repayment and taxes withheld to the IRS and state or local jurisdictions if required;
- Keep records about the student loan repayment program;
- Give a brief, annual report to the Office of Personnel Management on the student loan repayment program. This written report must be supplied to OPM before January 1 of each year, for the previous fiscal year. The report must state such information as: how many employees received this benefit, the job classifications of the recipients, and the total cost to the federal government of providing the loan repayment.

OPM, in turn, uses the information supplied from each federal agency to compile its own annual report to Congress detailing the use of the student loan repayment program by federal agencies.

For more information on this program, visit the OPM website at www.opm.gov, or call OPM at 1-202-606-1800. To write to the agency, address your inquiries to:

U.S. Office of Personnel Management 1900 E Street NW Washington, DC 20415

A final word on this: if you do receive financial assistance from your employer, when you file your federal taxes you'll report the student loan repayments made on your behalf as wages, on line 7 of Form 1040, or on line 1 of Form 1040EZ.

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State Education Departments

You'd think that because education is such a high priority for so many Americans that your state and local officials would be screaming at their top of their lungs to help out students drowning in debt or to let them know about options that could help them better manage or pay off those debts. But nope. You have to take the initiative to get help, resources, and other information from these officials. And one good place to check is your state department of higher education. These agencies often have a wealth of information about student loan repayment programs, even if they don't spread the word about them or make that information as accessible as they should.