

Frequently Asked Questions (FAQs) about the SmartWork Student Loan Repayment Plan

1. *What is the SmartWork Student Loan Repayment Plan?*

The SmartWork Student Loan Repayment Plan (SLRP or the Plan) is a program that financially assists eligible State employees with one of their biggest financial burdens – repaying their student loan debt. This program was implemented in June 2018 when Governor Hogan issued an Executive Order directing the establishment of the SLRP to offer assistance to employees in certain hard-to-hire and hard-to-retain job classifications within State government.

2. *Is the SLRP accepting applications?*

We are not accepting new applications for participation in the SLRP. Employees who were accepted into the program prior to the closing of the application window remain eligible for reimbursements as long as remain in an eligible classification.

3. *How does the SLRP work?*

Participation in the Plan is a two-step process: step one - an SLRP application and step two - a request for repayment at the end of each repayment interval. Once an SLRP application has been approved (step one) and the applicable repayment interval has been completed, the employee submits a *Request for Repayment* (step two). Eligible employees could be reimbursed up to \$20,000 in total if they remain employed by the State over 10 years from the first day of eligibility. SLRP participants receive reimbursement only for the amount of loan payments made during the repayment interval, up to the maximum allowed amount for the repayment interval, as shown below.

<u>Repayment Interval</u>	<u>Maximum Allowable</u>
After one year:	\$2,000
After three years:	\$2,000
After five years:	\$4,000
After seven years:	\$6,000
After ten years:	<u>\$6,000</u>
Total	\$20,000

4. *How does a participating employee receive reimbursement?*

Employees who have been approved to participate in the SLRP will be advised to submit a *Request for Repayment* to the Plan Administrator at the conclusion of the repayment interval, along with proof of qualifying loan payments made to a lender, including dates, account number(s), and amount repaid. Qualifying loans must be from a financial institution and in the name of the employee, whether the loan is for the employee or a qualifying child.

5. *How is my repayment interval determined?*

If you were approved to participate in the SLRP, your eligibility began on the date of receipt of your completed application and will end one year after that date. The second repayment interval will begin one year after your eligibility date, and end three years after your eligibility date. Subsequent intervals follow the same pattern. After the completion of each interval, if you remain in an eligible classification, you may file a *Request for Repayment* after your repayment interval has ended.

6. *Do I need to reapply every year?*

No. If you were accepted into the program, you do not need to reapply in order to receive reimbursement at the end of a repayment interval.

7. *What happens if I transfer to another agency?*

For employees transferring to another State agency, it is the responsibility of the employee to consult with the new agency to determine whether the new agency will allow the employee to continue participating in the SLRP.

8. *Does the Plan cover both “old” student loan debt that has already been paid, or does it include only current debt?*

Only current debt is included. Example: You have been paying down a student loan that had an original balance of \$15,000. As of your eligibility date of March 30, 2020, you had a remaining balance of \$7,200. Between March 30, 2020, and March 30, 2021, you make 12 monthly payments of \$240.20 equaling \$2,882.40 for the year. You send in your Request for Repayment, with proof of payments made during the interval. Under the Plan, you would be reimbursed \$2,000 at the conclusion of your first one-year repayment interval to reimburse you for the payments made towards your overall debt payments of \$2,882.40.

9. *Can employees claim the benefits if they are paying for a child’s student loan debt?*

Yes, if the child is 25 years of age or younger when the employee applied for the SLRP and the loan is in the name of the employee. We may require additional documentation establishing the eligibility of the child.

10. *Can I receive reimbursement for non-traditional post-secondary educational payments, such as a trade school?*

Yes, the benefits apply to both traditional schools like colleges and universities, as well as non-traditional post-secondary education, such as trade schools.

11. *How will I receive my reimbursement once my Request for Repayment is submitted?*

Your reimbursement will be direct deposited into the financial institution that you designated for payroll purposes; it is paid as part of wages.

12. *If I leave State service before my ten-year service commitment is fulfilled, will I owe back the money?*

In the event that you leave State service or become ineligible to continue participation in the SLRP, the State will not recapture prior repayments made to you.

13. *Can I receive a partial payment?*

The State will make repayments only upon full completion of a repayment interval; there will be no prorated payments for partial completion of a repayment interval.

14. *Are repayments made through the Student Loan Repayment Plan taxable at the State and federal levels?*

Yes.

15. *How do I obtain more information?*

Visit the Maryland Department of Budget and Management's website at <https://dbm.maryland.gov/employees/Pages/SmartWork.aspx>, or contact SmartWork.SLRP@maryland.gov.