

Kashable Toolkit for COVID-19

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How Kashable Can Help During the Crisis and the Recovery

Kashable is a benefit that provides employees access to a socially responsible, low-cost loan during emergencies and times of hardship. Kashable can be offered at no cost and no risk to the employer. Additionally, Kashable is fully operational, both supporting current employers and implementing new employers, to help employees across the country during this uncertain time.

Covering Increased Expenses Associated with COVID-19:

While preparing for quarantines, shelter-in-place orders, and other unknowns associated with COVID-19, employees are being asked to buy a month's worth of supplies on a week or two weeks' worth of pay. With 78% of employees already living paycheck to paycheck and with many households reduced from two incomes to one due to unpaid leaves, we know employees can't afford this ask.

By offering Kashable, employers can provide their employees with access to a socially responsible, low-cost loan that employees can pay back over the next 6 to 24 months through automatic payroll deductions. Access to low-cost credit will provide these employees with a financial safety net during one of the most uncertain times in our country's recent history.

Avoiding 401k Loans and Withdrawals is Paramount:

Most 401k accounts have dropped 20-30% in the last couple of weeks, yet the consensus is the markets should bounce back significantly. Employees that borrow today from their 401k will not have a chance to bounce back with the market as their retirement account will be depleted. Participation in those gains is key to retirement readiness. By taking money out of a 401k account right now, either by loan or withdrawal, employees will miss out on the recovery and future growth. Kashable can provide employees with an intelligent credit alternative.

Paying Down Expensive Debt Upon Return to Work:

Many employees may receive less pay or no pay at all in the coming weeks and will have to use a high-interest credit option to float themselves during the unpaid period (i.e. high-interest credit card, title loan, payday loan). By implementing Kashable in the meantime, employers will provide these employees with a tool to immediately pay off any expensive debt they incur during the unpaid period at a far lower rate.

For example, say an employee goes on furlough and must put \$5,000 of monthly expenditures on a credit card that charges 28% APR on unpaid balances. When that employee returns to work, they could take a Kashable loan for \$5,000 or more and pay off their credit card balance at a far lower interest rate and repay the loan over an extended period (i.e. 6 to 24 months).

Frequently Asked Questions

Can Kashable lend to furloughed employees?

Kashable can only lend to active employees; however, should an employee with an outstanding loan go on unpaid leave or be terminated, Kashable will reach out directly to set up repayment outside of payroll deduction. Given the circumstance, Kashable is not charging late fees at this time and won't report late payment unless the payment is late by more than 30 days, providing much needed flexibility.

What happens when an employee with a loan balance leaves the company?

Kashable does not require that the loan balance be deducted from the employee's terminal paycheck. Instead, the terminated employee may keep the original payment schedule. Prior to application, Kashable asks employees for a personal email and phone number, so they have a way to reach out to the terminated employee to set up an alternative payment method outside of payroll deduction. The employer is not involved in this process and bears no liability.

What happens when an employee goes on an unpaid leave of absence?

Kashable will reach out to the employee directly to set up repayment outside of payroll. Often, if the unpaid leave is for a short period, Kashable will defer payments until the employee returns to work.

What is the employer's administrative responsibility?

The employer only has the following responsibilities: providing an eligibility file on a pay period basis, taking the appropriate payroll deductions indicated on a file sent by Kashable, remitting the funds and a remittance file to Kashable, and communicating the benefit to employees a couple times a year with collateral provided by Kashable.

How are loan amounts determined?

The approved loan amount is based on the specific employee's ability to repay. Kashable does not want any deduction to exceed 5-10% of an employee's take home paycheck because Kashable wants the employee to have enough left over to continue being an active member of their community. For example, on a 12-month term loan, an employee may be able to borrow 5-10% of their take home annual pay.

How is the interest rate determined?

Interest rates are determined dynamically for each employee at the time of their loan application. Kashable's unique underwriting process enhances the credit profile of all employees by changing the risk from a pure credit risk to more of an employment termination risk, which is especially helpful for those who have been employed longer but have a weak credit score. Therefore, Kashable can extend low-cost loans to employees across the credit and wage spectrum.

What is the repayment period (term) of a Kashable loan?

Kashable loan terms range from 6 to 24 months. They are repaid through equal installments each pay period for the duration of the loan.

Implementation

An expedited implementation could happen in 2-3 weeks, and the most time efficient timeline would be:

- Employer sends the Eligibility File to Kashable (or we receive directly from Ben Admin platform)
- Kashable sends the Payroll Deduction Request File directly to the employer payroll team one week before payroll is run for each payroll frequency
- Employer sends the Reconciliation File to Kashable
- Employer sends the aggregate funds directly to Kashable (or Kashable debiting the Employer account)

Below are the two options for Kashable to receive the eligibility file (Kashable receives eligibility file from most Ben Admin platforms in the market)

- Option 1 is uploading the eligibility file through our secure data room which is operated on www.box.com
- Option 2 would be an SFTP through internal systems or from Ben Admin

If we are hosting the SFTP, we need two pieces of information from Employer:

- IP External Address or Range for Kashable to Whitelist
- SSH Public Key

Here is an overview of the traditional implementation timeline:

	Description	Kashable Team	Employer Team	Time Line
Documentation	Accept Eligibility Proposal	Sales Team	HR Leadership	1 week
	Share Employer Program Agreement			
Implementation Call	Introduce Onboarding Process and Kashable Account Management	Sales Team Account Management	HR Leadership	1 Week
	Provide File Templates (Eligibility, Deduction Request, Remittance)			
	Review Onboarding Questionnaire			
Communication Channel	Secure Data Room: box.com (+1 week)	Account Management IT Engineer	HR Leadership Technology Team Benefit Admin (if applicable)	2-6 weeks
	SFTP (+2 weeks)			
	Benefit Administrator (+2 weeks)			
	Payroll Platform Integration (+1 week)			
	Direct with Employer (+1 week)			
Test File Exchange: Eligibility, Deduction Request, Remittance (+1 week)				
Go Live	Receive Production Eligibility File	Sales Team Account Management	HR Leadership Benefit Admin (if applicable)	1 week
	Sign Employer Program Agreement			
	Employee Communication (i.e. Welcome Letter)			
	Reconfirmation of File Exchange Timing Expectations			

Creating a Proposal

Program Options

1. Kashable Basic can be offered to employers that have 500 or more employees (no cost, no risk to the employer).
2. Kashable Premium can be offered to employers that have 300 or more employees (the ER pays a small PEPM to guarantee that all employees have access to at least a predetermined loan amount at a capped interest rate). The PEPM for the Premium Program usually ranges from \$1 to \$3 but it depends on the group demographics (e.g. wage, turnover rate) and the terms of the loan that the employer wants to guarantee (e.g. interest rate cap, minimum loan amount).
3. Kashable Guaranteed can be offered to ERs that have 500 or more employees and is usually offered when the Employer wants to enhance the program offering at no upfront cost or if the employee turnover is too high to offer Kashable Basic or the employer (ER guarantees a portion of the loan balance so that all employees have access to at least a predetermined loan amount)

Creating a Proposal

If any clients or prospects seem like a good fit, we'd be happy to create a proposal, and all we need to review is a basic census that includes:

- Date of Hire
- Hourly or Salaried
- Compensation (Annual)
- Full Time or Part Time
- State of Residence

Underwriting Limitations due to COVID-19

Because Kashable can only lend to employees that are actively being paid, Kashable is avoiding implementations with non-essential retail, hospitality, and airline employers as well as any other groups that have furloughed most employees. That said, Kashable is willing to implement with these groups when the climate normalizes, and more employees return to work.