



Here are answers to some of the most common FAQs a county might have about TrueConnect.

1. Did NM Counties Vet The TrueConnect Loan Benefit Program?

Yes, the Board of Directors vetted and endorsed the TrueConnect Program. There are other similar programs out there with longer terms (2-year loan repayment) and loans up to \$5,000. This program offers loans from \$1,000 to \$3,000 in \$500 increments, is manageable, and easy to implement.

2. Does The TrueConnect Program Have Any Cost Or Liability To The County?

No, the program has no cost or financial risk to the county. The county is not a party to the loan or liable for the loan in the event of non-repayment by the employee.

3. Who Benefits From The TrueConnect Loan Benefit Program?

The program is designed for employees with poor or no credit to secure small loans when unexpected emergencies arise.

4. How Many Employees Will Actually Use TrueConnect?

The participation rate of employees will inevitably vary from county to county. Typically, the range of participation falls between 10% and 20% of county employees. Some county employees may use the program to consolidate and pay off higher interest-rate payday loans.

5. How Is The TrueConnect Program Perceived By Employees?

TrueConnect provides quick access for eligible employees to a loan of up to 8% of their annual income, not exceeding \$3,000.00. Repayment is made through payroll deduction over a 12-month period. TrueConnect provides a safe loan through a federally chartered bank.

6. What Is The Interest Rate?

24.99% APR through payroll deduction without regard to credit score; about \$1.20/month in interest for every \$100 borrowed; i.e., \$1,000 loan paid off every two weeks in 12 months is approximately \$140 in interest paid or under **14% in interest actually paid**. This loan program is an alternative to payday loans at much higher interest rates (175% cap in New Mexico) that require collateral.

7. Is There A Penalty When Paying A Loan Off Early?

No, the employee will end up paying less interest. Payments are reported to credit agencies, helping employees rebuild or establish credit.

8. What Happens If An Employee Leaves With An Outstanding Loan?

If an employee with an outstanding TrueConnect loan is terminated or resigns, the loan balance may be paid off in full or it may be transferred in direct payments to the bank providing the loan. Other options for payments outside payroll include ACH from their checking account, payments online through TrueConnect site, etc. The employee may also authorize the final amount or portion thereof to be deducted from their last paycheck, subject to state limits.

9. What Are The Compliance Issues?

TrueConnect loans are funded by Sunrise Banks, N.A. Sunrise Banks is a federally chartered bank, while TrueConnect loans are available in 48 states. TrueConnect loans are not available in Rhode Island or New Jersey.

10. Can The County Use A Local Financial Institution To Finance The Loans? Procurement?

Yes. If the county wants to keep the money in the state, TrueConnect will be happy to work with any local financial institution that wants to offer TrueConnect to their county employees. The county does not have to do a RFP but if it makes it more amenable in the eyes of the community, the county could offer the program as is. Once the RFP process is complete and a local financial institution agrees to finance the loans, TrueConnect would help make that change for the county program.

11. How Does The Financial Education/Credit Counseling Work?

The program includes six (6) free financial education and credit counseling sessions by phone.

12. What Is The County's Role?

To initiate the program, the county signs a two-page agreement with TrueConnect, sets up an implementation conference call with key personnel, and then provides the following to launch the program:

- 1) A sample report from payroll reporting what deductions were actually taken from employee payroll used for formatting and mapping,
- 2) a payroll calendar schedule,
- 3) a test run ACH from the county account to Sunrise Banks account and routing number, and
- 4) an updated employee eligibility file.