

SLM CORP  
Form 11-K  
June 19, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 11-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-13251

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

# **SALLIE MAE 401(k) SAVINGS PLAN**

**B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive offices:  
SLM CORPORATION**

**300 Continental Drive**

**Newark, Delaware 19713**

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**Sallie Mae 401(k) Savings Plan**

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**December 31, 2011 and 2010**

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\* Other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they were not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the Board of Directors of SLM Corporation,  
the Retirement Committee, and to the Trustees of Sallie Mae 401(k) Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Sallie Mae 401(k) Savings Plan (the Plan) as of December 31, 2011 and 2010 and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2011, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management. The information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Vienna, Virginia

June 15, 2012

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**Sallie Mae 401(k) Savings Plan**

**Statements of Net Assets Available for Benefits**

**As of December 31, 2011 and 2010**

	2011	2010
<b>Assets</b>		
Investments, at fair value (Note 4)	\$ 380,703,710	\$ 387,088,222
<b>Receivables:</b>		
Notes receivable from participants	9,516,897	10,688,367
<b>Total receivables</b>	<b>9,516,897</b>	<b>10,688,367</b>
Net assets available for benefits	\$ 390,220,607	\$ 397,776,589

*The accompanying notes are an integral part of these financial statements.*

**Table of Contents****Sallie Mae 401(k) Savings Plan****Statement of Changes in Net Assets Available for Benefits****Year Ended December 31, 2011**

Additions to net assets attributed to:	
Investment loss:	
Net depreciation in fair value of investments	\$ (10,628,786)
Dividends and interest	8,078,786
	(2,550,000)
Interest on notes receivable from participants	389,372
Contributions	
Employer	15,849,903
Participant	19,729,012
Rollover	20,119,139
	55,698,054
Total net additions	53,537,426
Deductions from net assets attributed to:	
Benefits paid to participants	60,991,366
Administrative expenses	102,042
Total deductions	61,093,408
Net decrease	(7,555,982)
Net assets available for benefits	
Beginning of year	397,776,589
End of year	\$ 390,220,607

*The accompanying notes are an integral part of these financial statements.*

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**Sallie Mae 401(k) Savings Plan**

**Notes to Financial Statements**

**December 31, 2011**

**1. Plan Description**

**General**

The Sallie Mae 401(k) Savings Plan (the Plan) is a defined contribution plan established for the benefit of eligible employees electing to participate in the Plan (the Participants). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The following description of the Plan provides only general information. Participants should refer to the Plan documents for a more complete description of the Plan's provisions.

The Plan covers substantially all employees of SLM Corporation (the Company) and its subsidiaries. Eligible employees may participate in the Plan after one month of service.

Fidelity Management Trust Company (Fidelity) is the Plan Trustee. An affiliate of Fidelity, Fidelity Investments Institutional Operations Company, Inc. (FIIOC), serves as recordkeeper.

**Contributions and vesting**

Participants are eligible to contribute from 1 to 75 percent of their eligible compensation to the Plan, in increments of whole percentages, up to the Internal Revenue Service (IRS) maximum of \$16,500 for 2011. The Plan allows participants who will attain age 50 in the current Plan year to make catch-up contributions into the Plan up to the IRS maximum of \$5,500 for 2011. Participants may also contribute amounts into the Plan rolled over from qualified employer plans in which they had previously participated.

The Company makes a matching contribution after one year of service of 100 percent on the first three percent of a Participant's contributions and 50 percent on the next two percent of a Participant's contributions. These matching contributions and related earnings vest immediately. The Company also makes a contribution in an amount equal to one percent of eligible compensation to each eligible employee after one month of service, which contribution vests after one year of service. Employees subject to the service contract act regulations may be eligible to receive fully vested employer contributions based on the service contract fringe benefit differential rate compared with the company cost of benefits they have elected.

Participants forfeit their right to Company contributions that are unvested at the time of their termination of service. During 2011, Company contributions were reduced by \$64,862 from previously forfeited nonvested accounts. Unused forfeitures at December 31, 2011 and 2010 totaled \$4,450 and \$13,792, respectively, which will be used to offset future Company contributions.

The Plan also allows the Company to make a discretionary profit sharing contribution, whereby the Company determines the amount of net profits, if any, to contribute to the Plan. The Company did not make any profit sharing contributions for the year ended December 31, 2011.

Benefit distributions from the terminated Sallie Mae Cash Account Retirement Plan commenced November 2011. In conjunction with that plan's termination a participant could elect to roll over their lump sum into the Plan if actively employed. During 2011, \$17,495,873 of rollover contributions were received from the Sallie Mae Cash Account Retirement Plan.

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### **Sallie Mae 401(k) Savings Plan**

### **Notes to Financial Statements**

**December 31, 2011**

#### **Notes receivable from Participants**

Participants may generally borrow up to 50 percent of their vested benefit to a maximum of \$50,000. Participants may have no more than two loans outstanding at any time. The term of a loan will be three or five years, at the election of the Participant, except for a loan to purchase the Participant's principal residence, which can be repaid over 20 years. Loans are secured by the Participant's account balance, bear interest at the prime rate established monthly by the Federal Reserve, and are repaid biweekly through automatic payroll deductions. In addition, Participants may repay all or a portion (in \$500 increments) of such loans at any time. Loans allowable under the Plan instrument, collateralized by Participant account balances, are due in varying installments through 2031, with interest rates ranging from 3.25% to 9.50%.

#### **Investment elections**

The Plan offers a variety of investment options, including various registered investment companies, a unitized employer stock fund and a money market fund. In addition, Participants have the option to make contributions to a self-directed brokerage account. Under the self-directed brokerage account, Participants may direct investments in any security or other investments offered by Fidelity, regardless of whether they are included as investment options offered by the Plan. The one percent Company contribution will be made to the default investment, if a Participant does not make an investment election. The default fund is the Fidelity Freedom Fund, based on the Participant's date of birth and year in which the Participant attains age 65.

#### **Participant accounts**

Each Participant's account is credited with the Participant's and the Company's contributions and their portion of the Plan's earnings (losses). Plan earnings (losses) are allocated based on the Participant's designated investments of their account balances, as defined. The benefit to which a Participant is entitled is the benefit that can be provided from the Participant's vested account.

#### **Payment of benefits**

Participants may withdraw funds from their account upon retirement, disability, separation from employment, attainment of age 59-1/2, and certain other times as specified in the Plan document. Distributions shall be made in a lump sum in cash, in the Company's common stock, or a combination thereof, reduced by the outstanding balance of any loans not repaid by the Participant.

#### **Administrative expenses**

Participants pay fees relating to such Participant's loans and withdrawals. Additionally, Participants may pay for commissions associated with common stock purchases and sales and short term transaction fees in certain funds when Participants trade in and out of the funds within the time restriction specified for such funds. Participant costs, including investment management fees charged by the respective funds, are charged directly to the Participant's account and are reflected in the statement of changes in net assets available for benefits. The Company bears the remaining cost of Plan administration.

#### **Plan administration**

The Retirement Committee administers the Plan. The Investment Advisory Committee, a subcommittee of the Retirement Committee, is responsible for development of Plan investment policies and guidelines. Officers of the Company or its subsidiaries presently serve as



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Retirement Committee members. The administrative functions of the Plan are primarily performed by the Company or its subsidiaries. The Plan did not pay the Company, its subsidiaries or the Retirement Committee for their services.

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### **Sallie Mae 401(k) Savings Plan**

### **Notes to Financial Statements**

**December 31, 2011**

## **2. Summary of Significant Accounting Policies**

### **Basis of accounting**

The Plan maintains its accounting records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### **Fair Value Measurements**

FASB's Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 specifies a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Classification is based on the lowest level of input that is significant to the fair value of the instrument. The three levels are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of financial instruments included in level 1 are highly liquid instruments with quoted prices;

Level 2 Inputs from active markets, other than quoted prices for identical instruments, are used to model fair value. Significant inputs are directly observable from active markets for substantially the full term of the asset or liability being valued; and

Level 3 Pricing inputs significant to the valuation are unobservable. Inputs are developed based on the best information available; however, significant judgment is required by management in developing the inputs.

The related disclosures are in note 4.

### **Investment valuation and income recognition**

Investments held by the Plan at December 31, 2011 consist of various registered investment companies, a unitized employer stock fund, a money market fund, and a self-directed brokerage option. Money market funds are carried at cost, which approximates fair value. Common stock, securities and brokerage account investments traded on national securities exchanges are carried at market value based on the closing price on the last business day of the year. The fair value of registered investment companies is determined based on the net asset value for shares held at year-end. The unit value of the Sallie Mae Stock Fund is based on the closing price of the Company's stock and the value of the money market component on the last business day of the Plan year. The Company's stock is listed and traded on the NASDAQ Global Select Market since December 12, 2011. Previously, the common stock was listed and traded on the New York Stock Exchange. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and asked prices.

The information in note 4 presents the net depreciation in the fair value of investments, which consists of realized gains or losses and unrealized appreciation or depreciation on those investments. Dividend income is recorded on the ex-dividend date. Interest earned on investments is recorded on the accrual basis. Purchases and sales of securities are recorded on the trade date.

### **Notes Receivable from Participants**

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Notes receivable from Participants are valued at the outstanding principal balance, which represents the exit value upon collection, either by repayment or by deemed distribution if not repaid.

**Table of Contents****Sallie Mae 401(k) Savings Plan****Notes to Financial Statements****December 31, 2011****Contributions**

Contributions made by employees electing to participate in the Plan under salary reduction agreements and Company contributions are recorded when payable into the Plan.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Such estimates include those regarding fair value. Actual results could differ significantly from those estimates.

**Risks and uncertainties**

The Plan provides for various investment options. Such investments are subject to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term, including a decrease in value, and that such changes could materially affect Participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Benefit payments**

Benefits are recorded when paid.

**Subsequent events**

Subsequent events have been evaluated through the report date of these financial statements.

**3. Investments**

The individual investments representing five percent or more of the fair value of net assets available for benefits at December 31, 2011 and 2010 are reflected in the table below.

<b>Fund Name</b>	<b>2011</b>	<b>2010</b>
Fidelity Retirement Government Money Market	49,056,515	51,026,663
Spartan 500 Index	41,214,008	43,662,737
Fidelity Contrafund	38,313,265	41,737,921
Fidelity Diversified International	24,439,304	32,310,864
Pimco Total Return Institutional	23,745,771	23,514,531
Fidelity Freedom 2030	23,439,470	

Fidelity Balanced	21,764,378	23,979,879
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**Table of Contents****Sallie Mae 401(k) Savings Plan****Notes to Financial Statements****December 31, 2011****4. Fair Value Measurement**

The fair value of Plan investments at December 31, 2011 and 2010 is shown in the tables below.

	Fair Value at December 31, 2011	Quoted prices in active markets (Level 1)	Based on Other observable inputs (Level 2)	Unobservable inputs (Level 3)
<b>Mutual Funds</b>				
Large Cap	\$ 106,157,993	\$ 106,157,993	\$	\$
Blended	89,733,392	89,733,392		
Short term investments	49,056,515	49,056,515		
Mid-Cap	26,729,589	26,729,589		
International	24,439,304	24,439,304		
Bond	40,521,610	40,521,610		
Small Cap	22,701,138	22,701,138		
Sallie Mae Stock Fund	14,792,661	14,792,661		
Self-directed brokerage account	6,571,508	6,571,508		
<b>Total Investments</b>	<b>\$ 380,703,710</b>	<b>\$ 380,703,710</b>	<b>\$</b>	<b>\$</b>

	Fair Value at December 31, 2010	Quoted prices in active markets (Level 1)	Based on Other observable inputs (Level 2)	Unobservable inputs (Level 3)
<b>Mutual Funds</b>				
Large Cap	\$ 113,500,076	\$ 113,500,076	\$	\$
Blended	80,607,128	80,607,128		
Short term investments	51,026,663	51,026,663		
Bond	38,292,185	38,292,185		
International	32,310,864	32,310,864		
Mid Cap	27,893,185	27,893,185		
Small Cap	23,850,070	23,850,070		
Sallie Mae Stock Fund	12,924,666	12,924,666		
Self-directed brokerage account	6,683,385	6,683,385		
<b>Total Investments</b>	<b>\$ 387,088,222</b>	<b>\$ 387,088,222</b>	<b>\$</b>	<b>\$</b>



**Table of Contents****Sallie Mae 401(k) Savings Plan****Notes to Financial Statements****December 31, 2011**

The net investment loss for the year ended December 31, 2011 is summarized as follows:

Dividends and interest	\$ 8,078,786
Net appreciation/(depreciation) in fair value of investments related to:	
Registered investment companies	(11,017,601)
Sallie Mae Stock Fund	1,023,026
Self-directed brokerage account	(634,211)
	\$ (2,550,000)

**5. Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, Participants would become 100 percent vested in their Company contributions.

**6. Related-Party Transactions**

Certain Plan investments are shares of registered investment companies or amounts of the Sallie Mae Stock Fund managed by Fidelity. Fidelity is the trustee as defined by the Plan and therefore these transactions qualify as party-in-interest. Fees paid by the Plan for administrative services were \$102,042 for the year ended December 31, 2011.

Additionally, the Plan has investments in the Sallie Mae Stock Fund comprised principally of SLM Corporation common stock. At December 31, 2011 and 2010, the Plan held 1,423,925 units and 1,328,490 units, respectively, valued at \$14,792,661 and \$12,924,666, respectively. During 2011, 581,539 units in the amount of \$6,315,550 were purchased and 486,104 units in the amount of \$5,471,279 were sold related to the Sallie Mae Stock Fund. Such transactions qualify as party-in-interest transactions, as SLM Corporation is the Plan's sponsor.

**7. Income Tax Status**

The Internal Revenue Service has determined and informed the Plan by letter dated March 18, 1999, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (the IRC). Although the Plan has been amended since the date of the letter, the Plan administrator believes that the Plan and related trust are operating in accordance with the IRC and are qualified under Section 401(a) of the IRC. Accordingly, no provision for income taxes has been made.



**8. Litigation**

On May 8, 2008, a purported class action lawsuit was filed against the Company, certain officers, retirement plan fiduciaries, and the Board of Directors of the Company alleging breaches of fiduciary duties and prohibited transactions in violation of ERISA arising out of alleged false and misleading public statements regarding our business made between January 18, 2007 and the present (the 401K Class Period ) by participants in the Plan and the Retirement Savings Plan (together, the 401K Plans ) whose accounts included investments in the Company's common stock. This case and similar cases subsequently

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**Sallie Mae 401(k) Savings Plan**

**Notes to Financial Statements**

**December 31, 2011**

filed were consolidated into *In Re SLM Corporation ERISA Litigation*, formerly in the U.S. District Court for the Southern District of New York and now before the U.S. Court of Appeals for the Second Circuit. On September 24, 2010, this case was dismissed; however, the Plaintiffs appealed. The appeal is pending. The Plaintiffs/Appellants seek unspecified damages, attorneys' fees, costs, and equitable and injunctive relief. Briefing before the U.S. Court of Appeals for the Second Circuit is expected to take place in 2012.

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Sallie Mae 401(k) Savings Plan

EIN 52-2013874 PN 001

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2011

**SUPPLEMENTAL SCHEDULE**

<b>Identity of issuer, borrower of similar entity</b>	<b>Description of Investment</b>	<b>Current value</b>
Fidelity Retirement Government Money Market *	Registered investment company	\$ 49,056,515
Spartan 500 Index Inv	Registered investment company	41,214,008
Fidelity Contrafund *	Registered investment company	38,313,265
Fidelity Diversified International *	Registered investment company	24,439,304
Fidelity Balanced *	Registered investment company	21,764,378
Pimco Total Return Inst	Registered investment company	23,745,771
Baron Growth	Registered investment company	17,940,936
Fidelity Freedom 2030 *	Registered investment company	23,439,470
Fidelity Freedom 2040 *	Registered investment company	16,615,222
Spartan US Bond Index Inv	Registered investment company	16,775,839
Fidelity OTC Portfolio *	Registered investment company	15,362,404
Fidelity Freedom 2020 *	Registered investment company	18,862,834
Msif Mid Cap Growth	Registered investment company	12,568,154
Fidelity Low Priced Stock *	Registered investment company	13,256,569
Sallie Mae Stock Fund *	Common Stock Fund	14,792,661
Fidelity Equity Income *	Registered investment company	6,964,314
Fidelity Freedom 2010 *	Registered investment company	7,275,525
Fidelity Brokeragelink *	Self-directed brokerage account	6,571,508
GS Small Cap Value Inst	Registered investment company	4,760,202
IVK Comstock A	Registered investment company	4,304,003
Fidelity Freedom Income *	Registered investment company	1,115,431
Virtus Mid-Cap Value A	Registered investment company	904,866
Fidelity Freedom 2000 *	Registered investment company	660,531

**Participant Loans:**

Plan Participants *	Loans allowable under the plan instrument, collateralized by Participant account balances, are due in varying installments through 2031, with interest rates ranging from 3.25% to 9.50%	9,516,897
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Total	\$ 390,220,607
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\* Denotes a party-in-interest

Note: Cost information is not required for participant-directed investments and therefore not included.

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**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

SALLIE MAE 401(k) SAVINGS PLAN

Date: : June 19, 2012

By: /s/ Jonathan C. Clark  
Jonathan C. Clark  
Plan Administrator

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**Exhibit Index**

<b>Exhibit No.</b>	<b>Description</b>
23.1	Consent of Independent Registered Public Accounting Firm Reznick Group, P.C.