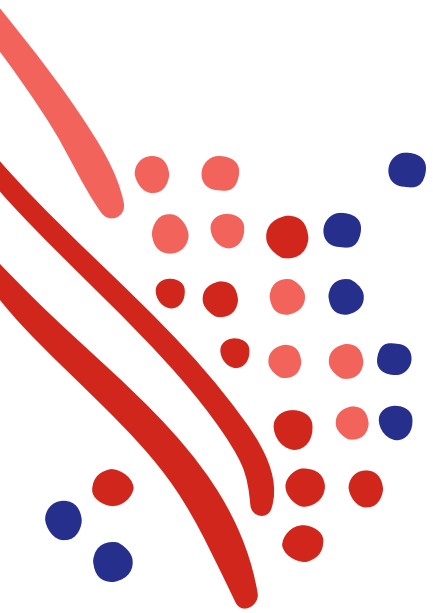




The New Tax-Advantaged Student Loan Benefit



What

A valuable tax incentive is now available for employer contributions to student loan accounts! The Stimulus Act (CARES) offered expansion of the Educational Assistance Programs (IRC Section 127) to help employers ease student loan debt by creating a tax break for employer-paid student loan benefits and the Appropriations Act, 2021, signed into law on 12/27/2020, extended benefits through 1/1/2026.



When

Now is the time! Between now and 12/31/2025 employer contributions to employees' student loans are a **tax-deductible business expense** for the employer and are **tax free** to the employee. This is accomplished thanks to the expansion of the Educational Assistance Programs (IRC Section 127) to cover student loan contributions (up to the \$5,250 max allowable under these programs).



Why it matters

It's a win/win! Well beyond the financial incentive for employers, providing support with student loan debt can help alleviate one of your employees' most significant concerns. The current \$1.6 trillion in U.S. student loan debt has created a multigenerational economic burden.

Historically, many employers have not offered student loan benefits because the tax treatment created a burden for their companies and employees. The changes signed into law in 2020 remove barriers for companies to enhance their employee financial wellness, recruitment, and retention offerings with nontaxable student loan repayment which empowers employees to pay down their debt balances faster.





How to be your employees' hero

Employers are an important line of defense in the fight against student loan debt. As an employer, providing a convenient, systematic way to pay down student loan debt is priceless.

1. Amend and leverage your existing Educational Assistance Program (IRC Section 127) or quickly create one to be able to begin to offer tax-free student loan payments.
2. Next, simply utilize the Gift of College At-Work easy-to-implement payroll deduction and employer contribution platform (available on [ADP Marketplace](#)) to facilitate student loan payments.

Auto payroll deduction platform for contributions toward any employee-selected student loan.

Provides a streamlined approach for employees to pay down student loan debt through automated payroll deductions into most any student loan account (also works for contributions to 529 college savings and 529 ABLÉ accounts)

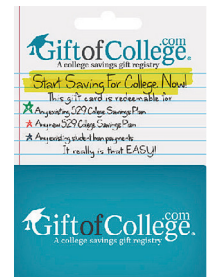
Includes optional employer match or contribution functionality.

MARITAL STATUS		EXEMPTIONS		SSN	EMPLOYEE ID	PAY PERIOD	PAY DATE
MARRIED		NONE		1234 5678901234	4321	01/15/2024	01/17/2024
INCO	0.00	0	0.00				
OV	0.00	0	0.00				
REG	0.00	0	0.00				
VAL	0.00	0	0.00				
BONUS	0.00	0	0.00				
FLOAT	0.00	0	0.00				
YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT TOTAL	CURRENT DEDUCTIONS	NET PAY		
34,840.00	8,886.80	25,953.20	670.30	170.90	499.16		

As an alternative, or in addition, purchase **Gift of College gift cards** to help with student loan debt:

Provide a seamless way to contribute toward or match to most any student loan (or 529 plan).

Recognize employees who are, burdened with student loan debt, welcoming a new child, and/or performing above and beyond or celebrating a work anniversary.



Visit Gift of College on ADP Marketplace to learn more!



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