



Expanded Tax-Free Employer Reimbursement of Student Loan Repayments

ATTORNEYS

Spencer F. Walters

PRACTICE AREAS

Benefits & Compensation

Health & Welfare

Payroll Tax & Fringe Benefits

Employee Benefits & Tax Client Alert

September 18, 2025

Employers can provide employees up to \$5,250 annually in tax-free education assistance through an educational assistance program under IRC 127. Historically, educational assistance programs were limited to payments for an employee's current educational expenses such as tuition, fees and textbooks.

However, the CARES Act and the Consolidated Appropriations Act of 2021 expanded education assistance so that an educational assistance program could also cover payment or reimbursement of an employee's student loans from 2021 through 2025. The One Big Beautiful Bill Act, enacted July 4, 2025, made this provision permanent and indexed the \$5,250 limit for inflation.

Read our full alert for more details. See also our prior alerts on this subject.

- [2021: Tax-Free Employer Reimbursement of Student Loan Repayments](#)
- [2022: Tax-Free Employer Reimbursement of Student Loan Repayments](#)