



# Educational assistance programs can be used to help pay workers' student loans



Under federal law, employers who have educational assistance programs can use them to help pay student loan obligations for their employees.

**Though educational assistance programs have been available for many years, the option to use them to pay student loans has been available only for payments made after March 27, 2020, and, under current law, will continue to be available until Dec. 31, 2025.**

- Traditionally, educational assistance programs have been used to pay for books, equipment, supplies, fees, tuition and other education expenses for the employee.
- These programs can now also be used to pay principal and interest on an employee's qualified education loans.
- Payments made directly to the lender, as well as those made to the employee, qualify.

Tax-free benefits under an educational assistance program are limited to \$5,250 per employee per year.

For information on other requirements, see [Publication 15-B, Employer's Tax Guide to Fringe Benefits](#). For details on what qualifies as a student loan, see [Chapter 10 in Publication 970, Tax Benefits for Education](#).