

# COMPLIANCE BULLETIN

## Employer Retirement Matching for Student Loan Payments



As a result of legislation passed in late 2022, employers sponsoring 401(k) and similar retirement plans are now permitted to make matching contributions based on **qualified student loan payments** (QSLPs) made by their participating employees. This expands the traditional matching framework, which previously applied only to elective deferrals into retirement plans. The provision applies to contributions made for plan years beginning after Dec. 31, 2023.

### IRS Implementation Guidance

On Aug. 19, 2024, the IRS issued [Notice 2024-63](#), providing interim guidance for plan sponsors that provide, or wish to provide, matching contributions tied to their employees' QSLPs. Among other issues, the notice addresses:

- General student loan matching contribution eligibility rules (including dollar and timing limitations);
- Requirements for an employee certification that student loan matching contribution requirements have been met;
- Reasonable student loan matching contribution procedures that a plan may adopt; and
- Special nondiscrimination testing relief for 401(k) plans that include student loan matching contributions.

### Background

- The Consolidated Appropriations Act of 2023 was signed into law in late 2022 and is an omnibus bill that includes the SECURE 2.0 legislation, referred to as such because it builds on the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019.
- Section 110 of the SECURE 2.0 Act allows employers with a **401(k) plan, 403(b) plan, governmental 457(b) plan or SIMPLE IRA plan** to provide matching contributions based on employees' student loan payments.

### What is a QSLP?

A QSLP is a payment that:

- Is made by an employee during a plan year in repayment of a qualified education loan incurred by the employee to pay for qualified higher education expenses of the employee, the employee's spouse or the employee's dependent;
- Does not exceed certain applicable limits when aggregated with other payments for the year; and
- Is certified for the plan year by the employee.

### Action Steps

Plan sponsors should monitor and prepare for proposed regulations from the Treasury Department and the IRS. In the interim, IRS Notice 2024-63 provides guidance that plan sponsors may rely on for plan years beginning after **Dec. 31, 2024**. For plan years beginning before Jan. 1, 2025, plan sponsors may rely on a good faith, reasonable interpretation of the law and the guidance in the notice.

