

LEGAL UPDATE



IRS Implementation Guidance on Qualified Student Loan Payment Match Programs

On Aug. 19, 2024, the IRS issued [Notice 2024-63](#), providing interim guidance for sponsors of 401(k) and similar retirement plans that provide or wish to provide matching contributions based on qualified student loan payments (QSLPs) made by their participating employees.

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, rather than based only on elective contributions to retirement plans. Section 110 applies to contributions made for plan years beginning after Dec. 31, 2023.

Highlights

The notice provides an overview of QSLP match programs and addresses a variety of plan administration issues. Among other issues, the notice addresses:

- 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.
- 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.

The Treasury Department and the IRS anticipate issuing proposed regulations on Section 110 of the SECURE 2.0 Act and accordingly invite comments and suggestions on the guidance, and Section 110 in general. **Plan sponsors may rely on the notice until the proposed regulations are issued.**

Applicability

The notice applies 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 Section 110 of the SECURE 2.0 Act (and the guidance in the notice is an example of a good faith, reasonable interpretation of Section 110).

Qualified Student Loan Payments

The notice specifies that a QSLP is a payment that: