



Regulatory Update

New IRS Guidance on Employer Matching of Student Loan Payments to Retirement Savings



On August 19, 2024, the Internal Revenue Service (IRS) issued guidance on employer matching contributions in [Notice 2024-63](#), which provides guidance for 401(k) and other retirement plan sponsors that offer matching contributions based on student loan payments made by employees. Section 110 of the SECURE Act of 2022 ([SECURE 2.0](#), P.L. 117-328) permits employers to match contributions to a qualified retirement plan based on employee student loan payments. This was intended to help employees with student loans, which may limit employees' ability to save for retirement, to build retirement savings. The section 110 student loan matching provision is permissive, not required, but many employers are interested in the option as a measure to attract and retain employees.

The notice provides an overview of the requirements for qualified student loan payments, limits for employer matches, special nondiscrimination testing relief for plans that include student loan matching contributions, and explains administrative issues including eligibility, employee certifications, plan procedures, etc. The notice applies to plan years beginning after December 31, 2024. Select examples of provisions addressed in the Notice follow:

- Qualifying student loan payments may include payments made by the employee for the employee's student loan, or that of the employee's spouse or dependent, if the loan was incurred by the employee.
- The maximum qualified student loan payment for a year cannot exceed the limit under section 402(g) (e.g., \$23,000 for 2024).
- Student loan matching programs may not limit matches to only certain education loans, such as those for a particular degree program (e.g., undergraduate, graduate, Juris Doctor, etc.), or for attendance at a specific school.
- Student loan matching programs must generally apply uniform treatment to all employees covered by a plan, so differential treatment of employees in different business units, divisions, locations, or other similar basis is not permitted.
- Employers may rely on an employee's certification of aggregate student loan payments for a year. The certification must include the amounts and dates of loan payments, and a statement that the payment was made by the employee; that the loan is a qualified education loan and was used to pay for qualified higher education expenses of the employee (or the employee's spouse or dependent); and that the loan was incurred by the employee. Some of the certification requirements may be satisfied through independent verification by the employer or through passive certification by the employee, but the statements can only be certified through an affirmative certification by the employee.

The Treasury Department and the IRS will issue proposed regulations with respect to section 110 of the SECURE 2.0 Act, and invite comments on Notice 2024-63 and any other aspect of section 110. Plan sponsors may rely on the notice until the proposed regulations are issued.

Interested employers should consult with appropriate legal and tax advisors and retirement plan professionals in drafting plan provisions and implementation.

For additional information:

- IRS [Notice 2024-63](#)
- [SECURE 2.0](#)

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