

Section 110.

(last updated 9/11/2024)

Title: Treatment of student loan payments as elective deferrals for purposes of matching contributions

Effective Date: Effective for plan years beginning after December 31, 2023.

Mandatory or Optional: Optional

Plans Affected: 401(k); 403(b); 457(b); SIMPLE IRAs

Previous Law: Currently, a matching contribution cannot be made based on student loan repayments. The IRS has ruled (through a private letter ruling, and more general guidance is pending) that a plan design that provides for a nonelective employer contribution can be based on student loan repayments without violating the contingent benefit rule.

SECURE 2.0 Law: Employer contributions can be made on behalf of employees who are making “qualified student loan payments” and are treated as matching contributions, so long as certain requirements are satisfied. Applies to 401(k), 403(b), SIMPLE IRAs, and governmental 457(b) plans. Notably, a plan may treat a qualified student loan payment as an elective deferral or an elective contribution (as applicable) for purposes of the matching contribution requirement under a basic safe harbor 401(k) plan or an automatic enrollment safe harbor 401(k) plan, as well as for purposes of the Section 401(m) safe harbors. Employers are permitted to apply the ADP test separately to employees who receive matching contributions on account of qualified student loan payments. Employer may rely on employee certification of payment.

Guidance and/or Correction Bills:

- [8/19/24 IRS Releases Guidance on Student Loan Repayment Matching Contributions](#)

Additional Resources:

- [NAGDCA Student Loan Provisions Webinar \(05/11/23\)](#)