

Section 127 Educational Assistance Program to End Student Loan Reimbursement Effective December 31, 2025

Employers interested in the Section 127 Educational Assistance Program can still provide tax-free employee student loan reimbursements until December 31, 2025.

BRADENTON, FL, UNITED STATES, December 10, 2024 /EINPresswire.com/ -- The [Section 127](#)

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Employers interested in offering a Section 127 Educational Assistance Program can still provide tax-free assistance for both education expenses and employee student loans through December 31, 2025.”

Gene Ennis

[Educational Assistance Program](#), which has provided student loan reimbursement for eligible employees since 2020, will be coming to an end on December 31, 2025. This decision was made by the Internal Revenue Service (IRS) and announced in a recent notice, affecting thousands of employees across the country.

The Section 127 Educational Assistance Program, also known as the Employer-Provided Educational Assistance Program, has been in place since 1978 and has allowed employers to provide tax-free educational assistance to their employees. This assistance could be used for tuition, fees, books, and supplies for undergraduate or graduate

level courses. However, the program will no longer include student loan reimbursement as an eligible expense after December 31, 2025.

According to the IRS notice, the decision to end student loan reimbursement as an eligible expense was made due to the changing landscape of student loan repayment options. With the rise of income-driven repayment plans and loan forgiveness programs, the IRS believes that the need for employer-provided student loan reimbursement has decreased. This change will not affect any current or past reimbursements made under the Section 127 program.

Employers who currently offer student loan reimbursement as part of their Section 127 program will need to make adjustments to their policies and communicate these changes to their employees. Employees who are currently receiving student loan reimbursement through this program should be aware that it will no longer be available after December 31, 2025.

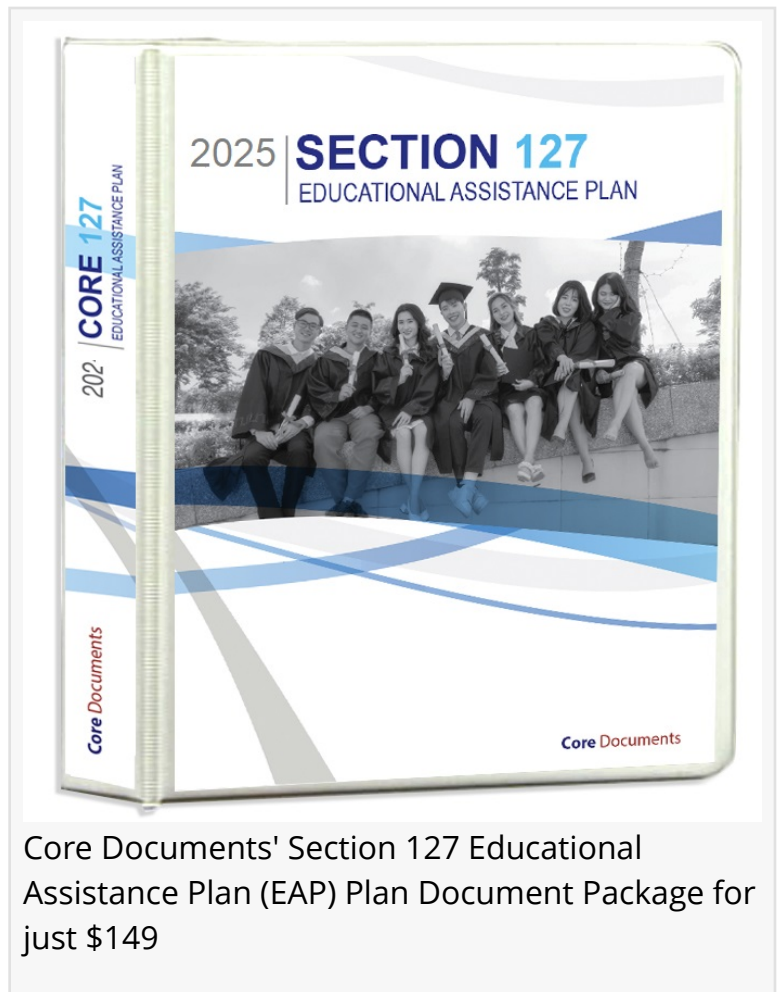
While this change may be disappointing for some employees, the IRS believes that it will ultimately benefit both employers and employees in the long run. Employers will have more flexibility in designing their educational assistance programs, and employees will have access to a wider range of repayment options for their student loans. For more information and updates on the Section 127 Educational Assistance Program, please visit the CoreDocuments.com website.

Employers interested in the Section 127 Educational Assistance Program can still provide tax-free assistance for both job-related education expenses and employee student loans through December 31, 2025. This will not only benefit employees but also help employers attract and retain top talent. The modification is a win-win for both parties and is a significant step towards addressing the issue of student loan debt in the country.

Internal Revenue Code Section 127 for the Educational Assistance Program (EAP) states that the employer must establish a written plan and communicate the terms of the EAP plan to eligible employees. [Core Documents](#), the nation's leading provider of affordable plan documents for tax-free employee benefits, offers a [Section 127 EAP Plan Document Package](#) that includes five sections: 1) Resolution to Adopt the EAP, 2) EAP Plan Document, 3) EAP Employee Summary Plan Description, 4) EAP Forms, and 5) an EAP Administration Guide for just \$149 in PDF email version.

The owner of Core Documents, Gene Ennis, has almost 40 years of experience in the employee benefits industry. He's held Certification in Flexible Compensation (CFC), a 218 life and health insurance license, a third-party administrator's (TPA) license, where he administered millions of dollars in ERISA self-funded health plans, a Professional Employer Organization (PEO) license, and a PEO Controlling Person's license, administering payroll and benefits for 500 worksite employees. He has owned and operated Core Documents since 1997. During that time, he has custom-designed and implemented over 70,000 HRA, Section 125, and Wrap SPD plans for clients all over the United States.

Resources:



Core Documents' Section 127 Educational Assistance Plan (EAP) Plan Document Package for just \$149

National Law Review: Stimulus Bill Extends the Availability of Student Loan Forgiveness (US)
<https://natlawreview.com/article/stimulus-bill-extends-availability-student-loan-forgiveness-us>

Legal Information Institute: 26 CFR Section 1.127-2 - Qualified Educational Assistance Program
<https://www.law.cornell.edu/cfr/text/26/1.127-2>

Core Documents Section 127 Educational Assistance Program Brochure and Order Form:
<https://www.coredocuments.com/wp-content/uploads/2020/10/Core-Sec127-EAP-Plan-Documents-Forms-2021.pdf>

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