

One Big Beautiful Bill Act Extends Tax-Free Student Loan Repayment Benefits Indefinitely

The indefinite extension of the tax-free student loan repayment provisions under the One Big Beautiful Bill Act (H.R. 1) is a game changer for employees.

BRADENTON, FL, UNITED STATES, August 5, 2025 /EINPresswire.com/ -- The U.S. Department of the Treasury proudly announces the indefinite extension of the tax-free [student loan repayment](#) provisions under Section 110113 of the [One Big Beautiful Bill Act \(H.R. 1\)](#), signed into law by President Donald Trump on July 4, 2025. This landmark provision, originally introduced as a temporary measure under the CARES Act, is now a permanent fixture of the Internal Revenue Code, offering significant financial relief to employees and strategic advantages to employers nationwide.



Core Documents provides employers with required EAP documents.

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*Treasury Department
spokesperson*

Permanent Tax-Free Student Loan Repayment Benefits

Section 110113 allows employers to contribute up to \$5,250 annually toward an employee’s student loan repayments without these contributions being counted as taxable income for the employee. This benefit, now permanently enshrined, applies to both federal and private

student loans and will be indexed for inflation starting in 2026, ensuring its value keeps pace with economic changes. Employers can deduct these contributions as a business expense, creating a win-win for businesses and their workforce.

Benefits for Employees

The permanent extension of this provision delivers substantial financial relief to millions of Americans burdened by student loan debt. With over 45 million Americans owing more than \$1.8 trillion in student loans, this benefit provides a critical lifeline. Employees can now receive up to

\$5,250 per year from their employer to reduce their loan balances without incurring additional income tax liability. For example, an employee with a typical monthly student loan payment of \$536 could see their debt paid off faster, saving thousands in interest over time. This tax-free assistance enhances employees' financial stability, reduces stress, and allows them to focus on career growth and personal financial goals.

Benefits for Employers

For employers, the indefinite extension of Section 110113 strengthens their ability to attract and retain top talent, particularly among younger workers who are more likely to carry student loan debt. As of 2023, only 5% of private and public sector employees had access to student loan repayment benefits, but with this

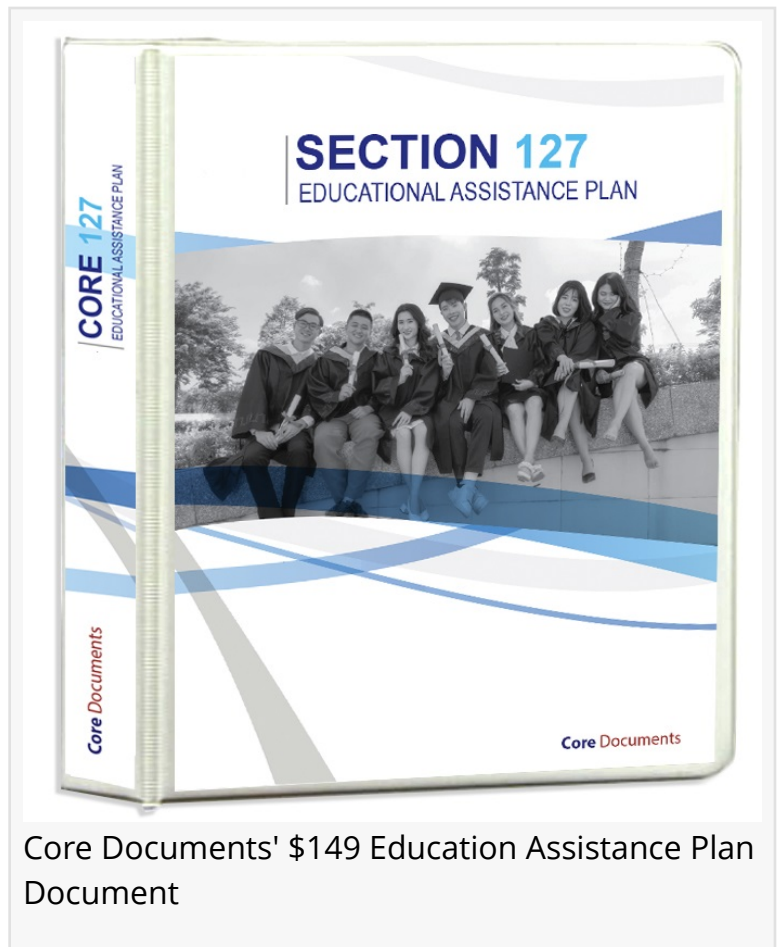
permanent tax incentive, more companies are expected to adopt these programs. By offering this benefit, employers can differentiate themselves in competitive job markets, boost employee morale, and increase productivity by alleviating financial pressures that often distract workers. The tax-deductible nature of these contributions further enhances the financial appeal for businesses, making it a cost-effective strategy to enhance employee benefits packages.

A Step Toward Financial Security

The permanent extension of this tax-free student loan repayment benefit reflects a commitment to addressing the student debt crisis while fostering a stronger, more financially secure workforce. By removing the expiration date set for the end of 2025, Section 110113 provides long-term certainty for both employers and employees, encouraging broader adoption of this transformative benefit.

"This provision is a game-changer for American workers and businesses," said a Treasury Department spokesperson. "By making employer-provided student loan assistance a permanent, tax-free benefit, we're empowering employees to tackle their debt and enabling employers to build stronger, more engaged teams."

How Employers and Employees Can Take Advantage



Core Documents' \$149 Education Assistance Plan Document

Employers interested in implementing a student loan repayment program should consult with Core Documents for the required Section 127 [Educational Assistance Plan](#) documents to ensure compliance with IRS requirements. Employees are encouraged to contact their employers to inquire about existing or planned student loan repayment benefits and explore how these contributions can complement other financial strategies, such as loan refinancing, to accelerate debt repayment.

Contact Core Documents Today

Employers ready to establish Educational Assistance Plans can contact Core Documents, Inc. at 888-755-3373 to speak with a certified benefits expert. Visit www.coredocuments.com for more information on how Core Documents can help design a cost-effective, employee-focused Educational Assistance Plan benefit package.

About Core Documents, Inc. Core Documents, Inc., based in Bradenton, FL, is the nation's leading provider of IRS- and DOL-compliant benefit plan documents for Section 125 Cafeteria Plans and Health Reimbursement Arrangements. Since 1997, Core Documents has supported thousands of employers and agents with innovative, tax-saving solutions, including plan design consulting, for Section 125 Cafeteria, ICHRA, QSEHRA, EBHRA, GCHRA plan documents and updates, and ERISA Wrap SPDs, and administration services.

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