401K CONTRIBUTION

Allows employers to make matching 401k contributions based on an employee's student loan payment.

PROGRAM SUMMARY

The Secure Act 2.0, passed in 2022, included a provision that allows an employer to use employee student loan payment as the basis for matching 401k contributions.

ELIGIBILITY

Any borrower who works for an employer with an existing matching program for a 401k, 403b, or SIMPLE IRA plan.

PROGRAM CRITERIA

- Employer must have an existing retirement contribution and matching program;
- The student loan match is only available after January 1, 2024;
- Employer can consider any qualifying student loan payment an elective deferral that qualifies for a matching contribution from the employer;
- Matching contributions cannot be made on more than the maximum annual deferral amount allowed;
  - Example: A 35-year old employee is allowed to defer no more than $23,000/year into retirement accounts. If the employee defers $10,00 and makes student loan payments totaling $15,000, only $13,000 of those student loan payments can receive a matching contribution;
- Employer's matching percentage must be the same as for all other contributions and deferrals.