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CONGRESS EXTENDS CRITICAL LEGISLATION ENABLING EMPLOYERS TO ENHANCE FINANCIAL WELLNESS PROGRAMS

Tax-free status of employer-sponsored student loan payments preserved

ARLINGTON, Va., December 28, 2020 — Gradifi by E*TRADE, a student loan payment benefit administrator, today applauded Congress' decision to extend critical legislation that preserves for five years the tax-free status of employer-sponsored student loan repayment programs.

Under this provision, employers can continue to make tax-free contributions of up to \$5,250 per employee annually toward eligible education expenses, like tuition or student loan assistance, without raising the employee's gross taxable income.

"Since this legislation was enacted interest in and engagement with workplace student loan repayment programs has grown meaningfully, and we've seen that the tax treatment has had the positive impact it intended," said Kate Winget, Managing Director, Head of Participant Engagement and Experience for Morgan Stanley at Work, which includes Gradifi by E*TRADE. "It is a huge win that this legislation has been extended, but our work is far from over. As the adoption of this benefit grows, we must continue our push to make this important tax treatment permanent."

Prior to the tax-free status of employer-sponsored student loan repayments, both employees and employers faced tax obligations, with the employee paying tax on the employer contribution. This law removes barriers for companies to enhance their employee financial wellness, recruitment, and retention offerings with pre-tax student loan repayment, and helps empower employees to pay down their debt balances faster.

Gradifi by E*TRADE is an innovator in employee benefits for US employers. Its mission is to help employers build loyalty with their workforce by providing employee benefits that positively impact their employees' financial well-being. Gradifi by E*TRADE offers a single-platform solution to allow employers to offer employees student loan refinancing opportunities, and employer-sponsored contributions to student loans and 529 college savings plan accounts. For insights from Gradifi by E*TRADE, visit www.gradifi.com or follow the company on [LinkedIn](#).

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