

Publications

Student Loan Benefit Within a 401(k) Plan Gets IRS Approval

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PUBLISHED

11/01/2018

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The Internal Revenue Service (IRS) recently published a private letter ruling—PLR 201833012, dated May 22, 2018—which holds that an employer (widely thought to be Abbotts Labs) can provide a non-elective employer contribution contingent on a participant making a student loan repayment outside the plan. While there are a number of various approaches available to employers to address the student loan crisis, this is the first piece of IRS guidance that endorses a tax-favored approach to promote eliminating student loan debt. The particulars of this IRS-blessed arrangement are set forth below, followed by an analysis of the “contingent benefit rule,” which was the focus of the ruling.

[Student-Loan-Benefit-Within-a-401k-Plan-Gets-IRS-Approval](#)