



August 30, 2022

The Honorable Ron Wyden
Chair
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Mike Crapo
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Patty Murray
Chair
Committee on Health, Education, Labor, & Pensions
United States Senate
428 Dirksen Office Building
Washington, D.C. 20510

The Honorable Richard Burr
Ranking Member
Committee on Health, Education, Labor, & Pensions
United States Senate
428 Dirksen Office Building
Washington, D.C. 20510

Dear Senators:

I am writing on behalf of Education Finance Council (EFC) in support of a student loan repayment policy included in the Chair’s mark of the *Enhancing American Retirement Now (EARN) Act* and in Section 111 of H.R. 2954, the *Securing a Strong Retirement Act of 2021*.¹ Specifically, EFC supports treating employees’ student loan payments as elective deferrals under their employers’ applicable retirement plan. EFC greatly appreciates your efforts to help millions of Americans repay their student loans without jeopardizing their long-term financial future. We urge you to keep the bipartisan provision in the bill as the EARN Act advances through the legislative process.

EFC is the national trade association representing nonprofit and state-based higher education finance organizations. EFC member organizations work to increase higher education access, success, and affordability by providing a wide range of resources and services to students and families. Many of our members offer scholarships and grants to college students. They also operate college savings, early college awareness, college access and completion, and financial literacy programs in their communities. Some EFC members also provide low-cost private or refinanced student loans to those families who reached their maximum federal eligibility limits. EFC members are driven by a public purpose mission to expand individuals’ financial knowledge, prevent over-borrowing, and promote positive repayment behavior. Every year our members support millions of families as they seek to grow their skillset and improve their lives.

A change to federal statute that allows employers to treat their employees’ qualified student loan payments as elective deferrals under their retirement plans would have a transformational effect on borrowers and the economy. There are over 40 million federal student loan borrowers carrying over \$1.6 trillion in outstanding debt.² Too many of those borrowers today are unable to invest in or even start their retirement savings because they must prioritize paying back their current obligations. Consequently, those individuals lose on thousands of dollars every year and their long-term investment portfolio is irreparably damaged. The EARN Act empowers individuals to pursue both financial strategies at the same time. This provision strengthens the country by allowing thousands of more people to participate in the market economy. The downstream impact of this change would be enormous, and it will contribute to the financial stability of millions of households for decades to come.

¹ <https://www.congress.gov/bill/117th-congress/house-bill/2954/text#toc-H575D3A0CE96D418C8DB2884DC8646B9D>

² <https://studentaid.gov/data-center/student/portfolio>

Policymakers should make it as easy as possible for employers to pay their employees' student loan payments. Borrowers receive a greater benefit when employers help them quickly and directly pay off their debts. EFC applauds Congress for allowing employers to make tax-free student loan payments of up to \$5,250 on behalf of an employee through December 2025. We urge you to extend this provision indefinitely. We also encourage you to amend IRC §127(b)(4) to give employers the ability to offer their employees either the student loan repayment benefit and the employee contribution retirement benefit simultaneously or a choice between the two benefits.

EFC and our members thank you for your leadership and support on this critically important issue, and we look forward to working with you and your colleagues to provide millions of Americans a brighter financial future.

Sincerely,



Gail daMota
President

CC: The Honorable Richard Neal, Chair of the U.S. House Committee on Ways and Means
The Honorable Kevin Brady, Ranking Member of the U.S. House Committee on Ways and Means