GIFT & REPAYMENT GUIDE

Smart Ways to Help Pay Off Student Loans

When a Payment Becomes a "Gift"

If you pay another person's student loans, the IRS may treat it as a gift.

- You can give up to $19,000 per person (2025) without filing a gift tax return.
- Anything above that requires Form 709, though most people won't owe tax thanks to the lifetime exemption.
- Payments made directly to a loan servicer still count as gifts because they benefit the borrower.

Employer Loan Repayment Benefits

Employers can pay up to $5,250 per year toward an employee's student loans tax-free through 2025 under Section 127.

- The payment isn't taxable income for the employee.
- The employer can deduct it as a business expense.
- It doesn't count toward gift tax limits.

Deductions & Filing Tips

Even if someone helps with payments, the borrower may still claim up to $2,500 in student loan interest deduction (if income and filing status qualify).

- Keep statements from your loan servicer.
- Check your tax return for eligibility.
- Review IRS Pub 970 for details on education-related expenses.