

Allows for payment of student loans with pre-tax dollars of up to \$5,000 per year

Hauppauge, NY— Today, Rep. Steve Israel (D–Huntington) announced legislation -- modeled off a constituent's suggestion in a letter – that would assist individuals struggling with student loan debt. Israel's bill, the Student Loan Employment Benefits Act of 2012, would allow people to work with their employers to set aside up to \$5,000 per year in pre-tax dollars to repay loans. This comes at a critical time, when borrowers hold more than \$1 trillion in student loan debt – more than credit cards and second to only mortgages.

Rep. Israel said, "Student loan debt is holding middle-class Americans back from getting married, starting a family or buying a home. My legislation is common sense and will allow those in the workforce facing student debt to put aside money pre-tax, reducing their taxes and providing some relief from the student loans that weigh heavily on the Desmond family and so many others in our community."

Rep. Israel was joined by two Long Islanders also concerned with student loan debt: Marcos Maldonado, a Brentwood resident who is seven years out of college and still facing \$55,000 in student loan debt, and Mathew Desmond, a Bayport resident and parent of two college-age children and two college graduates who wrote to the Congressman suggesting this idea of pre-tax student loan payments through the workplace.

Mr. Maldonado said, "The opportunity to repay student loans with pre-tax dollars would absolutely put me on a path toward full-student loan repayment. As a young professional with over \$55,000 in student loan debt my ability to make a permanent residence here on Long Island is limited. The ability to ensure savings through on-time payments throughout the duration of my loans could make this bill a key tool in my effort to stay on Long Island."

Mr. Desmond said, "As a parent of two college graduates and two current students, I am keenly aware of the expense and difficulty in paying back loans taken out to finance a college education. The responsibility of paying these loans is that of the students, and I hope that, by allowing these payments to be made using pre-tax dollars, it will assist the students and act as an incentive in making their payments. I am grateful to Congressman Israel for taking up my idea, and I hope it will assist students in paying their college loans."

"Congressman Israel's bill enables and encourages employers to provide student loan assistance and student loan forgiveness programs for their employees. This will provide meaningful help to employees who are struggling to repay their student loans," said Mark Kantrowitz, publisher of leading financial aid advice websites Fastweb.com and FinAid.org.

The Student Loan Employment Benefits Act of 2012 would allow employers to set up a student loan payment assistance program for an employee in which a certain amount (up to \$5,000 annually) from each paycheck would go toward the employee's student loan pre-tax. This would decrease the taxes paid by both the employee and the employer, and is modeled after the dependent care assistance program, which allows parents to pay for child care costs pre-tax. Between 2000 and 2007, an estimated 60 percent of bachelor's degree recipients borrowed to fund their education. For the young adults who graduated college in the Class of 2010, their average student loan debt was \$25,250, according to the Project on Student Debt—up 50% in the last decade.