

## S 3081

Tax Free Education Act of 2021

**Congress:** 117 (2021–2023, Ended)

**Chamber:** Senate

**Policy Area:** Taxation

**Introduced:** Oct 27, 2021

**Current Status:** Read twice and referred to the Committee on Finance.

**Latest Action:** Read twice and referred to the Committee on Finance. (Oct 27, 2021)

**Official Text:** <https://www.congress.gov/bill/117th-congress/senate-bill/3081>

### Sponsor

**Name:** Sen. Paul, Rand [R-KY]

**Party:** Republican • **State:** KY • **Chamber:** Senate

### Cosponsors

*No cosponsors are listed for this bill.*

### Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Oct 27, 2021

### Subjects & Policy Tags

**Policy Area:**

Taxation

### Related Bills

*No related bills are listed.*

## **Tax Free Education Act of 2021**

This bill permits tax-free distributions of up to \$5,250 from 401(k) plans for qualified higher and elementary and secondary education expenses and penalty-free withdrawals from individual retirement accounts (IRAs) for student loan expenses.

The bill also excludes from gross income, for income tax purposes, distributions up to \$5,250 from employer-sponsored student loan and tuition payment plans. It repeals the limitation on the deduction of interest on student loans and increases from \$15,000 to \$25,000 (adjusted for inflation) the maximum contribution amounts for certain tax-preferred retirement plans.

The bill allows employees an election to treat contributions to a 401(k) plan as Roth contributions (thus exempting withdrawals from such plans from tax at retirement).

Finally, the bill allows individual taxpayers a new tax deduction for their qualified higher and elementary and secondary education expenses.

## **Actions Timeline**

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- **Oct 27, 2021:** Introduced in Senate
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