

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

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