**The employee benefit of educational reimbursement**

Definition:

The employee benefit of educational reimbursement is provided by some organizations. This benefit provides a means by which employees may enroll in online college courses, or other types of college courses in order to obtain degrees that are directly related to their employment with a given organization. And upon completion of these degrees, employees are reimbursed for 50% or more of the costs associated with obtaining those degrees. Some organizations even reimburse their employees for 100% of the costs associated with obtaining those degrees. This is a tremendously valuable employee benefit, due to the fact that it provides an increased level of education for staff members, as well as makes them qualified for upward mobility within the organization.

**What is a good reason for a tuition reimbursement plan at work?**

-be better equipped to discuss the technical and business-related advantages

- To increase employee responsibility within the company in the coming years

-develop employee skill

- increased level of education for staff members

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**A Benefit for Some Employees**

-Advancement opportunities

Even before you obtain your college degree, your presence and commitment to attending college classes will serve to motivate your employer to consider you for possible advancement opportunities. They will do this because they see that you are investing in them and the company enough to further your education, at the expense of your leisure time. That is a sacrifice that they don't take lightly, or else they wouldn't be putting money into it.

So what are you waiting for? Check with your human resources department today to see if this might be the way to get your college degree.

-A free education

Some companies don't offer the full tuition reimbursement; providing either a percentage based on the letter-grade obtained (i.e. 80% reimbursement for an A, and so on), or a set percentage or flat rate. But either way, whatever the company is offering beats nothing, which is what you get if you pay for your education yourself.

-New skills acquired

It used to be that if you worked for an employer and you needed upgrading of your skills on the job - in order to do some new task assigned - then you could count on another employee within the company to "show you the ropes."

Most companies didn't offer to foot the bill for you to get a college degree, or even additional training, for your job years ago. There were some companies on the cutting edge of advocating higher education goals, but not many. However, companies have changed and many now offer tuition reimbursement programs as an incentive to get employees to seek additional skills - or better the ones they already have - for the benefit of the company, as well as the individual.

-Increases knowledge

It is inevitable, regardless of the degree you pursue, that you will come away from your college experience with a greater understanding of the world you live in - and the other cultures in it - than you had before going to college, or since attending it before.

Your knowledge on a multitude of things will increase, again, regardless of the field you are pursuing. This only helps to make you more marketable for advancement with your current employer, and a better employee.

-Employee Tax Benefits

an untaxed pay raise: wage, tips, and other compensation of employee W2 form; it is a benefit that the Internal Revenue Service does not count as taxable income at all. As long as an employee’s reimbursement meets the criteria to be a deduction for the employer, it also meets the criteria to be untaxed income for the employee.

**A Benefit for Employers**

1. Smarter Employees  
2. Employer Tax Benefits  
3. Increased level of education for staff members

**Conditions for reimbursement may apply**

Depending on the employer, conditions for reimbursement may apply. Luckily, dealing with tuition reimbursement guidelines is not quite as difficult as dealing with an insurance company or trying to redeem a store rebate. Most often, the conditions are easy to satisfy.

2. Cost

The second condition is the level of cost that the company will take on. Most employers offering tuition reimbursement have an annual cap on what they’ll cover. While this limit varies greatly from company to company, it does serve a purpose and you’ll want to know it before you make a commitment. First, putting a cap on reimbursement ensures that students are not scamming their employers. Though this scenario is unlikely, due to the volume of checks and balances most employers have in place, employers tend to not take any chances. Secondly, it meets tax filing requirements for the employer. The IRS allows only $5,250 per year to be written off by an employer for an employee’s education costs, so anything above that amount will imply additional tax expenses for the employer.

1. Grade Point

My employer’s tuition reimbursement plan, up until a few years ago, had scaled grade requirements for compensation returns on courses. I do not remember the exact scale, but I do recall that an “A” grade received full reimbursement, a “B” grade was somewhere in the neighborhood of 80–85%, a “C” grade would garner 70–75%, and anything below a “C” was not eligible. Many employers adopt the same policy, and reimburse on a similar scale. My employer has since changed the policy, now reimbursing 100% on all “C” or better grades.

1. Some companies will not provide tuition reimbursement unless the course is job-related while others may require that the employee be enrolled in a degree-seeking course of study
2. **Program of Study**  
   The first condition that may hinder eligibility is course of study. Many employers require that the courses, or degree sought, be applicable within the company paying the reimbursement. For example, if the company is a consulting firm, potential courses or degree-related material could be very broad. Conversely, if it’s a small IT firm that offers the reimbursement, then specific IT-related courses may be the only ones that are eligible for reimbursement.

**Tuition Reimbursement: Tax Policies And Benefits**

**Employer Tax Benefits**

1. Deduct the money spent on tuition reimbursement from their taxable income. While this is also true for normal worker wages, which are
2. Deduct as business expenses, normal worker wages do not usually lead directly to a more highly skilled workforce.
3. Meet special requirements to qualify for tax deductions.

**Employee Tax Benefits**

-An untaxed pay raise.

-wage, tips, and other compensation” of employee W2 form; it is a benefit that the

- Internal Revenue Service does not count as taxable income

-Tax free income for the employee.

-An Exception as Working Condition Fringe Benefits

[**The Tax Implications of Employee Fringe Benefits**](http://www.candofinance.com/taxes/tax-implications-of-employee-fringe-benefits/)

1. Course Limitations

- qualify for a tuition reimbursement.

- have to apply specifically to the job of an employee; they do generally have to increase the employee’s job-related qualifications to some degree.

2. Expense Limitations

- used to cover specific education-related expenses. This means tuition, enrollment fees, and textbooks. It cannot be used to pay for food, lodging, clothing, vehicles, or other items, even if the expenses are incurred as a direct result of the educational course.