



HOW TO: Offer Employee Tuition Reimbursement

Offering employee tuition reimbursement can demonstrate your nonprofit's commitment to professional development and help you recruit and retain talented employees. Creating an employee tuition reimbursement program takes some work, but can pay great dividends. Here's a four-step checklist to help your nonprofit launch a tuition reimbursement program.

Step 1: Set the financial foundation.

- Create a budget for the employee tuition program that provides a generous benefit while keeping your organization on sound financial footing.
- Determine how much tuition reimbursement you could afford to pay if all your employees took part in the program. Not all will, but if more people than you expect decide to take advantage of the program, you'll need to have room in the budget.

Step 2: Determine the program parameters.

- Will everyone in your nonprofit have access to this benefit, or will you make it available only to certain employees, such as those who have been with your organization a certain amount of time?
- What types of education programs or courses will your nonprofit cover?
- What percentage of tuition will your organization reimburse?
- What will happen if an employee who's taking part in a tuition reimbursement program is laid off or resigns?
- Will you require a specific grade level in a course for reimbursement?
- Explain these parameters in an employee meeting and add them to your personnel handbook.**

Step 3: Understand the program's tax implications.

- Decide whether you will reimburse employees more than the deductible amount.
Employers can reimburse employees up to \$5,250 annually without the employee being taxed on the amount. Your nonprofit could offer more in tuition reimbursement, but any amount above \$5,250 per employee annually will be subject to taxes. Employers can also deduct up to \$5,250 per employee from their taxes each year. The money must be used toward tuition, fees, and school supplies like books; otherwise, it will be subject to tax.
- Work with your accounting and benefits providers to set up the administrative capacity to meet the program's tax implications.

Step 4: Roll out the program and iterate.

- After a year, give your team members a short survey to gauge the effectiveness of the program and how you might make it even better. Use the feedback to continue to improve your tuition reimbursement offerings.



[Designing and Managing Educational Assistance Programs](#), SHRM

[How to Offer Employee Tuition Reimbursement](#), U.S. Chamber of Commerce

[Tuition Reimbursement: Considerations for Employers](#), Indeed