

T06-0334
Tax Benefits of the Student Loan Interest Deduction:
By Cash Income Class, 2005¹

Cash Income Class (thousands of current dollars) ²	All Tax Units ³		Tax Units with Benefit ⁴			Tax Benefits		Benefit as Percent of After- Tax Income ⁶		Average Tax Benefit	
	Number (thousands)	Percent of Total	Number (thousands)	Percent of Total	Percent within Class ⁵	Dollars (millions)	Percent of Total	All Tax Units	Tax Units with Benefit	All Tax Units	Tax Units with Benefit
Less than 10	19,277	13.3	214	3.4	1.1	1	0.1	0.00	0.1	0	4
10-20	25,883	17.8	575	9.0	2.2	20	2.3	0.01	0.2	1	34
20-30	20,312	14.0	769	12.1	3.8	69	7.9	0.02	0.4	3	90
30-40	15,678	10.8	905	14.2	5.8	121	13.8	0.03	0.5	8	133
40-50	11,515	7.9	767	12.0	6.7	120	13.7	0.03	0.4	10	156
50-75	20,288	14.0	1,347	21.1	6.6	190	21.8	0.02	0.3	9	141
75-100	12,187	8.4	915	14.3	7.5	139	15.9	0.02	0.2	11	152
100-200	14,849	10.2	855	13.4	5.8	213	24.4	0.01	0.3	14	249
200-500	3,846	2.6	11	0.2	0.3	1	0.1	0.00	0.0	0	102
500-1,000	627	0.4	0	0.0	0.0	0	0.0	0.00	0.0	0	13
More than 1,000	298	0.2	0	0.0	0.0	0	0.0	0.00	0.0	0	0
All	145,321	100.0	6,386	100.0	4.4	874	100.0	0.01	0.3	6	137

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-5).

- (1) Calendar year. Benefits of the student loan interest deduction are measured as the interest deducted multiplied by the marginal rate in the taxpayer's current tax bracket.
- (2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals.
- (3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.
- (4) Tax units with benefit includes only those tax units that deduct student loan interest.
- (5) Percent of tax units within each cash income class that receives a tax benefit from the student loan interest deduction.
- (6) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.