

10 QUALIFIED EXPENDITURES

For 529s Your Clients Will Want to Know About

1 COLLEGE TUITION AND FEES

Assets within a 529 Education Savings Plan can be used for tuition and fees associated with qualified colleges or graduate schools. To see whether a school qualifies, check the Federal School Code List (<https://ifap.ed.gov/ifap/fedSchoolCodeList.jsp>).

2 TRADE AND VOCATIONAL SCHOOL TUITION AND FEES

529 funds can also be used to pay for expenses to attend two-year colleges, trade schools, graduate schools and even some international institutions, provided the institution participates in the Education Department's federal student aid program.

3 ELEMENTARY AND SECONDARY SCHOOL TUITION

529 distributions can be used to cover up to \$10,000 per student per year for tuition at public, private or religious elementary and secondary schools.

4 HOUSING AND LIVING EXPENSES

529 funds can pay for a college's room and board fees if the student is attending at least half-time. Sorority, fraternity or off-campus housing and rentals are qualified up to the cost of the room and board on campus—limited to what is included in the college's cost of attendance (COA).

5 BOOKS AND SUPPLIES

Textbooks and specified required class supplies are all qualified expenses. Check with the institution on the allowable amount for each academic year.

6 COMPUTER HARDWARE

Computers and other electronics are eligible expenses but only if stated as required by the college or required for specified class work or class attendance.

7 COMPUTER SOFTWARE

Some computer software may count as a qualified expense if required for specified college class work or class attendance.

8 INTERNET SERVICES

529 distributions can be used to pay for internet service if the service is necessary for institution or class communications or homework.

9 SPECIAL-NEEDS EQUIPMENT

Certain services and equipment that a special-needs student requires, such as a wheelchair, qualify. Transportation costs, which are generally considered a nonqualified expense, may qualify depending on a student's special needs.

10 CAREER OR BUSINESS EXPENSES

Students close to graduation can apply 529 assets to purchase equipment they will need for their career or in establishing a business post-graduation. However, the equipment must be used in coursework during their time in school. Beginning in 2024, unused 529 assets can be rolled over on a tax-free basis to a Roth IRA with a maximum of \$35,000 for the beneficiary, if the 529 plan has been open at least 15 years.*

* As part of the Secure Act 2.0 legislation, the IRS will allow for rollovers for certain qualifying distributions from 529 accounts to a Roth IRA tax-free over the course of the beneficiary's lifetime. Changes related to the Secure Act will be effective on January 1, 2024. The beneficiary should consult a tax advisor before executing a rollover.

LEARN MORE

For more complete information, see Savingforcollege.com article: "Section 126: Rolling Over 529 Plan Funds Into a Roth IRA" or visit: Savingforcollege.com/article/roll-over-529-plan-funds-to-a-roth-ira.

For information regarding Pershing's 529 Education Savings Platform visit [perishing.com/What We Provide/Investment Solutions/Education and Health Savings](https://perishing.com/What-We-Provide/Investment-Solutions/Education-and-Health-Savings).

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