

# 529 College Savings Plans

## Qualified Educational Expenses (QEE)

Let's answer the question: "What can my 529 funds be used for?"

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### QUALIFIED EDUCATIONAL EXPENSES

529s can be used nationwide at any post-secondary school that participate in federal financial aid programs – including public and private universities, colleges, graduate schools, and vocational-technical schools, as well as foreign schools that have been assigned a federal school code. Qualified education expense (QEE) includes:

- Tuition
- Mandatory Fees
- Room and Board. Limited to the amount determined by the institution included in their cost of attendance for room and board. (On or off campus, including living at home for students attending school at least ½ time).
- Books, Supplies and Equipment required for enrollment
- Computers, computer equipment, internet services and software required for enrollment
- 24/7 meal plans
- As of 1/1/18, distributions of up to \$10,000 annually per beneficiary used to cover tuition for K-12 at public, private or religious school come out federally tax-free. Note that distributions for K-12 may trigger state income tax and penalty if your state has not adopted the K-12 tax code provision.

### NON-QUALIFIED EXPENSES

Not all expenses are considered a QEE. Here's a brief list of some non-qualified expenses:

- Student loan payments or interest
- Insurance
- Fraternity or Sorority fees, unless it is part of the room and board
- Sports club and other activity fees that are not required for attendance
- Transportation to and from school

### TIMING OF THE DISTRIBUTION

529 distributions must be taken in the same calendar year that you pay for QEEs, otherwise the distribution will be considered non-qualified and subject to a 10% penalty and any applicable state and federal income taxes.

**Investors should consider the investment objectives, risks, charges and expenses associated with a 529 Plan before investing. This and other information is available in a Plan's official statement. The official statement should be read carefully before investing.**

*Depending on your state of residence, there may be an in-state plan that provides tax and other benefits such as financial aid, scholarships and creditor protection that are not available through an out-of-state plan. Before investing in any state's 529 plan, you should consult your tax advisor.*