



## **Changes to 529 Accounts for Elementary or Secondary School Tuition**

The Tax Cuts and Jobs Act (TCJA) has made some changes to qualified tuition programs (“QTPs,” also commonly known as “529 plans”) that you might be interested in. These changes take effect for 529 plan distributions after 2017.

As you know, a 529 plan distribution is tax-free if it is used to pay “qualified higher education expenses” of the beneficiary (student). Before the TCJA made these changes, tuition for elementary or secondary schools wasn’t a “qualified higher education expense,” so students/529 beneficiaries who had to pay it couldn’t receive tax-free 529 plan distributions.

The TCJA provides that qualified higher education expenses now include expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. Thus, tax-free distributions from 529 plans can now be received by beneficiaries who pay these expenses, effective for distributions from 529 plans after 2017.

There is a limit to how much of a distribution can be taken from a 529 plan for these expenses. The amount of cash distributions from all 529 plans per single beneficiary during any tax year can’t, when combined, include more than \$10,000 for elementary school and secondary school tuition incurred during the tax year.

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# Questions?

As you can see, the new 529 plan rules might be beneficial to you. If you wish to discuss the impact of them on your particular situation, please contact a member of the Bowles Rice Tax Team.

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