

Qualified Expenses Using 529 Plans

Withdrawals from 529 plans are not subject to federal income tax when used to pay for qualified expenses. If money is withdrawn from a 529 account for non-qualified expenses, the account owner must report taxable income and pay a 10% penalty on the earnings portion of the distribution. Below is a list of qualified expenses that can be paid from 529 plans.



Tuition and Fees

- Up to the full amount of tuition plus academic fees for post-secondary education (colleges, universities, and trade schools)
- Up to \$20,000 per student per year for K-12 school tuition and certain qualified expenses



Books & Supplies

- Required textbooks and school-related supplies for college



Housing

- On-campus housing (if attending at least half time)
- Off-campus rent and utilities **up to** the amount that it would cost for on-campus housing



Groceries

- On-campus dining plan (if attending at least half time)
- If living off-campus, groceries are a covered expense, whereas dining out is not covered



Computers and Educational Software

- Computers and printers
- Educational software required for coursework
- Internet service



Student Loan Repayment

- Up to \$10,000 of student loans