

529 plan qualified expenses

The following are typically classified as qualified educational expenses for 529 plan funds:



Tuition & fees

(eligible institutions also include online schools)



Room & board

(must be enrolled at least half the time)¹



Books

(physical and ebooks required to participate in a class)¹



Supplies

(ex: lab supplies, scantrons, etc. required by a class)¹



Computers & related equipment

(including software and internet service used for school)¹



Student loan repayment

(with a lifetime limit of \$10,000)²

Eligible schools

- K-12 (tuition expenses up to \$10,000/yr.)²
- Colleges
- Graduate schools
- Universities
- Trade & vocational schools²
- Private or public institutions
- In-or out-of-state, including many abroad
- Online schools

As of June 2024. Eligible educational institutions are those that participate in a student aid program run by the U.S. Department of Education. Check the Database of Accredited Postsecondary Institutions and Programs (DAPIP) or the Federal Student Loan Program List to look for a school. For a complete list and additional information on qualified expenses for the 2023 tax year, visit <https://www.irs.gov/pub/irs-pdf/p970.pdf>

FAQs

Q. If my child needs a tutor, could the 529 be used to cover the costs?

A. In most cases, the answer is no. Tutoring is not considered a qualified expense as it is, generally, not required to attend a school. However, if the student has special needs that require learning assistance you will want to discuss with a qualified tax professional.

Q. If my child lives off campus, are those costs covered?

A. Qualified room and board costs include off-campus housing costs as long as the cost does not exceed the room and board budget set forth by the school.

Q. What if my student receives a scholarship?

A. If the beneficiary of a 529 receives a scholarship, the amount of the scholarship can be withdrawn from the 529 without the 10% penalty, but you would still be required to pay taxes on the earnings portion of the withdrawal. Note that withdrawals from a 529 plan account come out pro-rata (return of principal and earnings). The earnings portion of the withdrawal may be taxable if not used for a qualified expense whereas the principal portion is federal tax-free.

Q. Are travel expenses covered if my child goes to school out-of-state?

A. Transportation and travel costs such as gas and transit passes are generally not considered a qualified expense. An exception to this may be if the school charges a travel or transportation cost as part of a comprehensive tuition fee or a fee that is classified as required for enrollment.

In addition to the questions above, the following are also considered non-qualified expenses:

- College application and testing fees
- Health insurance
- General electronics and cell phone plans
- Sport and fitness club memberships
- Extracurricular activity fees

For more information on 529 plans, go to nuveen.com

¹ Some qualified expenses only apply to colleges and not K-12 schools. For more information, check <https://www.irs.gov/pub/irs-pdf/p970.pdf>

² Withdrawals for K-12 tuition expenses at a public, private or religious elementary, middle, or high school; registered apprenticeship programs; and student loan repayments can be withdrawn free from federal taxes. See the Plan Description for limitations. State tax treatment of withdrawals for these expenses is determined by the state where you file state income tax. The tax consequences of using 529 plans for elementary or secondary education tuition expenses, apprenticeships, and student loan repayment may include recapture of tax deductions received from the original state as well as penalties.

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