



Saving for College

- Room and board for students enrolled at least half time in a degree or certificate program. Expenses are limited to the room and board allowance included in the cost of attendance set by the school for financial aid purposes or the actual cost of campus housing, if greater.

➤ **Did You Know?** Most colleges and universities set room and board allowances for students who live on campus, off campus, and with parents. Check the school's financial aid website for costs of attendance.

- The purchase of computer or peripheral equipment, computer software, or internet access and related services is a qualified expense for QTP's as well as for ESA's. These items must be primarily used by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution. The computer software must have a predominantly educational nature.
- Expenses paid for fees, books, supplies, and equipment required for participation in a registered apprenticeship program.

Student loan repayment. Principal or interest payments on any qualified education loan of the beneficiary or sibling up to a cumulative maximum of \$10,000 per beneficiary and sibling.

K-12 education. Expenses for enrollment or attendance at any public, private, or religious school that provides K-12 education as determined under state law.

QTPs. K-12 tuition expenses paid from QTPs qualify. Qualified K-12 tuition expenses may not exceed \$10,000 per beneficiary per year.

ESAs. For ESAs, the following expenses are allowed:

- Tuition, fees, books, supplies and equipment, academic tutoring, special needs services.
- Room and board, uniforms, transportation, supplementary items and services, including extended day programs if required or provided by the school.
- The purchase of computer technology, equipment, or internet access and related services is a qualified K-12 education expense if it is to be used by the beneficiary and the beneficiary's family during any of the years the beneficiary is in elementary or secondary school. This does not include computer software unless predominantly educational.

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Adjustments

Qualified expenses are reduced by:

- Tax-free assistance (scholarships, fellowships, grants, employer-provided assistance, veterans benefits, and any other nontaxable payments except gifts or inheritances).
- Amounts used to figure an education credit or deduction.

QTP and ESA Contributions	
Qualified Tuition Programs	Coverdell Education Savings Accounts
Description	
<ul style="list-style-type: none"> • State plans that allow contributions to an account to pay expenses of a beneficiary. • State or educational institution plans that allow prepayment of qualified education expenses. 	Accounts similar to Roth IRAs used to pay qualified education expenses of a designated beneficiary.
Ownership	
Any U.S. citizen or resident with a valid SSN, including the beneficiary. Owner and beneficiary do not need to be related. Certain types of entities may also open an account if the plan allows.	Beneficiary or parent.
Age Limit	
None.	No contributions once beneficiary is 18. Balance must be distributed at age 30. Age limits do not apply to beneficiaries with special needs.
Contribution Limits	
No annual limit. Account balance limits are set by plan. Limits are over \$200,000 for most state plans.	\$2,000 per beneficiary, no matter how many ESAs are set up for that beneficiary.
Contributors	
Any individual, including the beneficiary or entity. No income limits.	Any individual, including the beneficiary, subject to income limits. Any entity, such as a corporation or trust, not subject to income limits.
Deadline	
None.	April 15, 2021, for 2020 contributions.

Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 72.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.