



## PROVISION OF THE SECURE ACT

### **Section 529 Plans to Cover Apprenticeships and Certain Student Loan Payments**

A Section 529 education savings plan (a 529 plan, also known as a qualified tuition program) is a tax-exempt program established and maintained by a state, or one or more eligible educational institutions (public or private). Taxpayers can make nondeductible cash contributions to a 529 plan on behalf of a designated beneficiary. The earnings on the contributions accumulate tax-free. Distributions from a 529 plan are excludable up to the amount of the designated beneficiary's qualified higher education expenses.

Before 2019, qualified higher education expenses didn't include the expenses of registered apprenticeships or student loan repayments. But for distributions made after Dec. 31, 2018 (the effective date is retroactive), tax-free distributions from 529 plans can be used to pay for fees, books, supplies, and equipment required for the designated beneficiary's participation in an apprenticeship program. In addition, tax-free distributions (up to \$10,000) are allowed to pay the principal or interest on a qualified education loan of the designated beneficiary, or a sibling of the designated beneficiary.