



Topic no. 313, Qualified tuition programs (QTPs)

A qualified tuition program (QTP), also referred to as a section 529 plan, is a program established and maintained by a state, or an agency or instrumentality of a state, that allows a contributor either to prepay a beneficiary's qualified higher education expenses at an eligible educational institution or to contribute to an account for paying those expenses. Eligible educational institutions can also establish and maintain QTPs but only to allow prepaying a beneficiary's qualified higher education expenses. Qualified higher education expenses generally include expenses required for the enrollment or attendance of the designated beneficiary at any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the [Department of Education](#) . In addition, in connection with a designated beneficiary's enrollment or attendance at an elementary or secondary public, private, or religious school, i.e., kindergarten through grade 12, qualified higher education expenses include the following: tuition expenses; curriculum and curricular materials; books or other instructional materials; tuition for tutoring or educational classes outside of the home, including at a tutoring facility; fees for a nationally standardized norm-referenced achievement test, an advanced placement examination, or any examinations related to college or university admissions; fees for dual enrollment in an institution of higher education; and educational therapies for students with disabilities provided by a licensed or accredited practitioner or provider, including occupational, behavioral, physical, and speech-language therapies. These qualified higher education expenses in connection with a designated beneficiary's enrollment or attendance at an elementary or secondary school are limited up to a total amount of \$20,000 per year (\$10,000 limit before Dec. 31, 2025) from all of the designated beneficiary's QTPs. Furthermore, qualified higher education expenses also include expenses for fees, books, supplies, and equipment required for the participation in an apprenticeship program registered and certified with the Secretary of Labor; qualified education loan repayments in limited amounts; and certain qualified postsecondary credentialing expenses.

Contributions

QTP contributions on behalf of any beneficiary can't be more than the amount necessary to provide for the qualified higher education expenses of the beneficiary. Contact the program's trustee or administrator to

determine the program's contribution limit. Contributions made to a QTP aren't deductible.

The benefits of establishing a QTP are

- Earnings accumulate tax free while in the account.
- The beneficiary doesn't generally have to include the earnings from a QTP as income.
- Distributions aren't taxable when used to pay for qualified higher education expenses. However, if the amount of a distribution is greater than the beneficiary's qualified higher education expenses, a portion of the earnings is taxable.
- Amounts can be withdrawn to pay principal or interest on a designated beneficiary's or their sibling's student loan. The amount of distributions for loan repayments of any individual is limited to \$10,000 lifetime. Interest paid with these funds doesn't qualify for the student loan interest deduction.

Qualified tuition program rollover to a Roth IRA - Effective with respect to distributions made after Dec. 31, 2023, the beneficiary of a QTP is permitted a special rollover distribution from their QTP to their Roth IRA. For this special rollover to be tax-free, the rollover amount must be paid through a direct trustee-to-trustee transfer, is subject to the Roth IRA annual contribution limit and a \$35,000 lifetime limit, must be distributed from a QTP account that has been open for at least 15 years as of the date of the distribution, and may not exceed the amount contributed to the QTP (and attributable earnings) before the 5 year period ending on the date of the distribution. Refer to [Publication 970, Tax Benefits for Education](#), [Publication 590-A, Contributions to Individual Retirement Arrangements \(IRAs\)](#), and [Publication 590-B, Distributions from Individual Retirement Arrangements \(IRAs\)](#).

Distributions

You should receive a [Form 1099-Q, Payments from Qualified Education Programs \(Under Sections 529 and 530\)](#) from each of the programs from which you received a QTP distribution. The amount of your gross distribution (box 1) shown on each form will be divided between your earnings (box 2) and your basis or return of investment (box 3). Form 1099-Q should be made available to you by Feb. 2, 2026.