



## Section 529 College Savings Plan and College Tuition Credits

### SECTION 529 COLLEGE SAVINGS PLANS

New York State residents who contribute to the New York Section 529 College Savings Plan can deduct up to \$5,000 in contributions (\$10,000 for couples filing jointly) on their state income tax return. However, plan contributions are not deductible on the federal income tax return.

529 Plan distributions are tax exempt as long as they are used for qualified educational expenses at any eligible post-secondary school. These include expenses for tuition, fees, room and board, books, and equipment required for enrollment at most colleges, universities, graduate schools, and vocational schools. Many states have 529 plan programs similar to New York State.

Information on the New York State program can be found online at [www.nysaves.org](http://www.nysaves.org) or by calling 1-877-697-2837.

### COLLEGE TUITION CREDITS

Parents who cannot take education credits on their federal income tax return due to high income levels may elect to not claim their child as a dependent on the federal return and, therefore, allow the child to take the credit on the child's federal income tax return. The child does not get to claim his or her own exemption on the return, but the credit can offset any tax on the child's return. The parents can still claim the child as a dependent on their state income tax return, and may be eligible for a state tuition credit or deduction.

New York State provides a tuition credit or deduction (whichever reduces tax more) for undergraduate tuition paid for yourself and your dependents even if paid with funds from a 529 plan. The maximum qualified tuition expense on which the credit or deduction is based is \$10,000 per eligible student.

Make sure to provide your accountant with the tuition information.