

## IMPORTANT 529 Tax Law Changes

As previously communicated with your December 31, 2015 quarterly account statement and on the CollegeCounts web site – several changes to the rules governing 529 plans were enacted in late December 2015. These changes are described below, and they are effective as of the beginning of 2015.

- **Qualified Expenses Expanded** - effective for taxable years beginning after December 31, 2014, the definition of qualified higher education expenses is expanded to include: expenses for the purchase of any computer and any related peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution.
- **Special Rule for Contributions of Refunded Amounts** - refunds of any qualified higher education expenses from an eligible educational institution are excludible from gross income if recontributed within 60 days (after the date of such refund) back into the 529 account. This provision is effective with respect to refunds of qualified higher education expenses after December 31, 2014 but only to the extent that such refunds are re-contributed to a qualified tuition program within 60 days of the date of the refund, or within 60 days of December 18, 2015, whichever is later.
- **Section 529 Accounting Rule Change** – multiple accounts with the same account owner and beneficiary are no longer required to be aggregated for tax reporting purposes. If you have multiple accounts in CollegeCounts Direct or in CollegeCounts Direct and CollegeCounts Advisor for the same beneficiary AND a withdrawal from one or more of those accounts in 2015 was used for a nonqualified purpose, this change could impact how the earnings portion of that non-qualified withdrawal is calculated, and how the 1099-Q would report such information. However, the IRS and the US Treasury have not issued clear guidance on this point. It is possible that such guidance could be issued prior to April 18, 2016.

**Please check the CollegeCounts 529 web site (“Tax Center” section), visit with your tax professional, and go to [irs.gov](http://irs.gov) to check for additional information and reporting requirements that may become available prior to April 18, 2016.**

**PLEASE review the applicability of each of these changes with your tax professional.** As additional information becomes available from the IRS and US Treasury, we will update the Tax Center section of the CollegeCounts 529 web site.

**Thank You for utilizing CollegeCounts. Best Wishes for the New Year!**