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Qualified Tuition Programs (also referred to as "Section 529 Plans")

Qualified Tuition Programs, or Section 529 Plans, were designed to allow for the transfer of money to children for future **qualified** higher education expenses.

Qualified higher education expenses include: tuition, fees, books, supplies and equipment required for enrollment or attendance at an eligible educational institution. Section 529 plans also cover reasonable costs for room and board for college students who attend school at least a half-time and are enrolled in a degree program.

Although you will not receive a tax deduction for contributions made to a Section 529 Plan, money invested in the Plan earns interest tax free. Plans generally are administered by state or other regulatory agencies. Annual contributions are considered a gift to the child and are limited by the annual gift exclusion which is currently \$12,000 per parent per child. A husband and wife can therefore contribute up to \$24,000 per year per child to a Plan.

Some nifty features of Section 529 Plans are:

- the ability to make a onetime contribution in excess of the annual gift exclusions by electing to account for the contribution ratably over a five-year period
- the ability to rollover any unused funds to another child in the same family

Please check with us or your financial advisor if you have specific questions or would like assistance setting up a plan.

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Monthly Tax Tips

Retirement contribution limits for 2008 are:

- \$5,000 regular IRA
- \$10,500 Simple IRA
- \$15,500 401(k)
- \$46,000 SEP IRA

Special limitations may apply due to income or age restrictions.

