

# EDUCATION PLANNING

Education expenses are high and are rising. These slides can help guide you in your efforts to plan now for your education, reduce your current year tax liability, and reduce your family's total education costs.



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Experience extends to helping clients find out where they are financially, where they need to be, and then create plans to help clients achieve their long-term goals

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# ☐☐☐☐ Qualified Tuition Plans (529 plans)

- Can contribute \$13,000 each year or \$65,000 without gift tax
- Contributions are nondeductible
- No AGI limitations
- Distributions for qualified higher education expenses are tax-free
- Reduces taxable estate
- Georgia tax credit available for Georgia 529 plans

# □ □ □ □ Coverdell Education Savings Accounts

- Can contribute \$2,000 per beneficiary each year
- Contributions are nondeductible
- AGI phase-out for MFJ contributors is \$190,000 - \$220,000
- Contributions can be made by April 15<sup>th</sup> of following taxable year
- Withdrawals for education expenses are tax-free

# Custodial account

- Set-up account with joint ownership
- No tax consequences
- Teach children/beneficiary responsibility early

# Education Tax Credits

- American opportunity tax credit (enhanced Hope credit)
  - 100% of first \$2,000 of eligible expenses and 25% of next \$2,000
  - Credit is per student, per year
- Lifetime learning credit
  - 20% of up to \$10,000

# □ □ □ □ Student Loans

- Interest rates are low
- Student loan interest paid is tax deductible
- Not forgivable under any condition