

Expanded use of 529 Funds



The signing of the 2025 U.S. Budget Reconciliation Bill ([Public Law No. 119-21](#)) into law on July 4, 2025, has made substantial changes to what are considered Qualified Higher Education Expenses for 529 college savings plans. The enhancements outlined below allow for expenses related to career-focused postsecondary credential programs and give savers more flexibility and support to pay for a broader range of kindergarten through 12th grade (K-12) school expenses.

Effective after July 4th, 2025*

Postsecondary Credential Program Expenses

Effective for withdrawals after July 4, 2025, students who enroll in a recognized postsecondary credential program can use their 529 funds to pay for:

- (A) Tuition, fees, books, supplies, and equipment required for the enrollment or attendance in a recognized postsecondary credential program
- (B) Fees for testing if such testing is required to obtain or maintain a recognized postsecondary credential
- (C) Fees for continuing education if such education is required to maintain a recognized postsecondary credential

Recognized Postsecondary Credential Programs

To determine if a Postsecondary Credential Program would qualify, please refer to the following language from the bill:

The term ‘Recognized Postsecondary Credential Program’ means any program to obtain a recognized postsecondary credential if:

- (A) Such program is included on a State list prepared under section 122(d) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3152(d))
- (B) Such program is listed in the public directory of the Web Enabled Approval Management System (WEAMS) of the Veterans Benefits Administration, or successor directory
- (C) An examination (developed or administered by an organization widely recognized as providing reputable credentials in the occupation) is required to obtain or maintain such credential and such organization recognizes such program as providing training or education which prepares individuals to take such examination
- (D) Such program is identified by the Secretary, after consultation with the Secretary of Labor, as being a reputable program for obtaining a recognized postsecondary credential for purposes of this subparagraph



Effective after July 4th, 2025*

Postsecondary credentials expenses such as:

- Tuition, fees, books, supplies, and equipment required
- Required testing fees to obtain or maintain a credential
- Fees for continuing education programs required to maintain a credential

Also,

- (A) Any postsecondary employment credential that is industry recognized and is--
 - (i) Any postsecondary employment credential issued by a program that is accredited by the [Institute for Credentialing Excellence](#), the [National Commission on Certifying Agencies](#), or the [American National Standards Institute](#)
 - (ii) Any postsecondary employment credential that is included in the [Credentialing Opportunities On-Line \(COOL\)](#) directory of credentialing programs (or successor directory) maintained by the Department of Defense or by any branch of the Armed Forces
 - (iii) Any postsecondary employment credential identified for purposes of this clause by the Secretary, after consultation with the Secretary of Labor, as being industry recognized
- (B) Any certificate of completion of an apprenticeship that is registered and certified with the Secretary of Labor under the Act of August 16, 1937 (commonly known as the 'National Apprenticeship Act'; [50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.](#))
- (C) Any occupational or professional license issued or recognized by a State or the Federal Government (and any certification that satisfies a condition for obtaining such a license)
- (D) Any recognized postsecondary credential as defined in section 3(52) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102(52)), provided through a program described in paragraph (2) (A)



Expanded Qualifying K-12 Expenses

Beginning with withdrawals made after July 4th, Washington savers may use their 529 savings for a wider range of K-12 qualified educational expenses. In addition to K-12 tuition, the below expenses are now considered qualified expenses for K-12 students, and will not be subject to federal tax when withdrawn:

- Tuition and curricular materials
- Books or other instructional materials
- Online educational materials
- Tuition for tutoring or educational classes outside of the home, including at a tutoring facility, but only if the tutor or instructor is not related to the student and—is licensed as a teacher in any State, has taught at an eligible educational institution, or is a subject matter expert in the relevant subject
- Fees for a nationally standardized norm-referenced achievement test, an advanced placement examination, or any examinations related to college or university admission
- Fees for dual enrollment in an institution of higher education
- Educational therapies for students with disabilities provided by a licensed or accredited practitioner or provider, including occupational, behavioral, physical, and speech-language therapies



Effective after July 4th, 2025*

K-12 qualified expenses such as

- Tutoring, fees for tests and fees for dual enrollment
- Educational therapies for students with disabilities provided by a licensed practitioner

Effective January 1, 2026*

Starting January 1, 2026, the annual limit for K-12 qualified school withdrawals will double from \$10,000 per year/per beneficiary to \$20,000, giving families more room to cover educational costs.

Additionally, the law made permanent the option for families to roll over funds from a 529 account into an ABE account. An ABE account is a savings and/or investment option for people with disabilities who qualify.

State Tax Treatment Note: State tax treatment of withdrawals including K-12 qualified school expenses and postsecondary credential programs is determined *by the state where you file state income tax*. Please consult with a tax advisor before withdrawing funds for any such expenses.

Together, these changes represent a meaningful step forward in making 529 College Savings Plans more inclusive, adaptable, and supportive of a wide range of educational goals. Whether you're saving for K-12 school, specialized learning support, or post-secondary credentials, 529 plans can offer more ways to put your savings to work.

Effective January 1, 2026*



- The annual withdrawal limit for K-12 qualified expenses increases to \$20,000



- The option to roll over funds from a 529 account into an ABE Account is permanent



To learn more about WA529 Invest, its investment objectives, risks, charges, and expenses see the [Program Details Booklet](#) at 529invest.wa.gov before investing. Read it carefully. Except to the extent of the guarantee associated with the Principal Plus Interest Portfolio, investments in the plan are neither insured nor guaranteed and there is the risk of investment loss. WA529 Invest is administered by the Washington Committee on Advanced Tuition Payment and College Savings. TIAA-CREF Tuition Financing, Inc. (TFI), plan manager. TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, distributor and underwriter for WA529 Invest.

Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's 529 Plan. You also may wish to contact your home state's 529 Plan(s), or any other 529 Plan, to learn more about those plans' features, benefits, and limitations. Remember that state-based benefits should be one of many appropriately weighted factors to consider when making an investment decision. In addition, you should periodically assess, and if appropriate, adjust your 529 Plan investment choices with your time horizon, risk tolerance, and investment objectives in mind. 4701036

*Source: <https://www.congress.gov/bill/119th-congress/house-bill/1/text>