

ISSUE BRIEF

INCREASE ACCESS TO EDUCATIONAL OPPORTUNITIES BY EXPANDING 529 USES



ACTION REQUESTED

Cosponsor the Freedom To Invest in Tomorrow's Workforce Act (H.R. 1477/S. 722) and support passage of this legislation.



SOLUTION:

Cosponsor the Freedom To Invest in Tomorrow's Workforce Act (H.R. 1477/S. 722)



ISSUE:

Professional Training and Credential Costs Are Not Currently Eligible 529 Expenses

Currently, state-sponsored 529 educational savings accounts are exempt from federal taxes when they are used to pay for qualified education expenses. These include college, graduate, or professional degrees; education programs from Title IV accredited institutions; registered apprenticeships; and certain K-12 tuition and student loan repayments. Under current law, 529 plan beneficiaries cannot use funds to obtain or maintain recognized postsecondary credentials, including professional certifications, licenses and other valuable training or credentials.

Many individuals—with or without a college degree—work in positions that require credentials including state licensure or industry certification. Expanding the qualified expenses for 529 plans would ensure that all types of workers, including environmental and workplace safety professionals, would be able to use 529 funds for both initial and ongoing expenses for postgraduate credentialing and licensing.

Allowing 529 plans to cover education and career-related expenses will provide flexibility for beneficiaries to use their plan funds to cover the educational, training or credentialing programs that best fit their initial and ongoing skills development, professional growth and career needs.

The Freedom To Invest in Tomorrow's Workforce Act (H.R. 1477/S. 722) would expand qualified expenses under 529 savings plans to include postsecondary and other training and credentialing expenses, such as licenses and professional, non-governmental certifications.

