

Tax bill update

On December 22, 2017, the president signed new tax legislation into law. The legislation includes the following provisions related specifically to 529 plan accounts. Beginning with the 2018 tax year, under federal law:

- Account owners can use assets to pay for K-12 tuition at public, private and parochial schools, up to \$10,000 per year per beneficiary.
- Account owners can treat K-12 withdrawals for tuition as qualified expenses, which means that earnings on the withdrawals will not be subject to federal tax or a 10% penalty.
- Account owners can roll over 529 plan account assets to ABLE plans, up to the ABLE annual contribution limit.

Nebraska statutes currently restrict the use of NEST 529 college savings plan accounts for qualified higher education expenses (e.g., four-year colleges and universities, community colleges, technical schools, or graduate programs). In addition, the statutes currently provide for the recapture of the Nebraska tax deduction on rollovers to other states' 529 plans, including ABLE plans. Until the Nebraska Legislature adopts new legislation, the use of 529 accounts for K-12 tuition and rollovers to another state's ABLE plan are subject to recapture to the extent previously deducted by the account owner.

We encourage you to consult a qualified tax advisor about your personal situation and how these changes may impact you. Please check this website periodically to obtain updates.