



# Using Ohio's 529 Savings Plan to Pay for K–12 Catholic School Tuition

## *Frequently Asked Questions*

### **What is a “529 plan”?**

Named for Section 529 of the U.S. tax code, a 529 plan is a tax-advantaged investment plan operated by a state to encourage saving for education expenses. Because investing involves risk, readers are encouraged to consult a financial advisor for personalized guidance.

### **What are the qualifying education expenses?**

Funds in a 529 plan may be used for tuition, books, fees, computer technology, or room and board at a qualifying college or university, as well as up to \$10,000 per student each year for tuition at a K–12 private or religious school. Beginning in 2026, under the One Big Beautiful Bill Act, the annual K–12 withdrawal limit increases to \$20,000 per student per year. The new law also broadens qualified K–12 expenses beyond tuition to include books, instructional materials, online learning programs, tutoring, standardized test fees, and educational therapies.

### **What is the federal tax advantage for using a 529 plan?**

Earnings on your investment grow free from federal income tax when used for qualified educational expenses. While contributions are not deductible for federal tax purposes, qualified withdrawals are not taxed.

### **What are the tax advantages in Ohio of investing in a 529 plan?**

In addition to tax-free growth on the investment, Ohio taxpayers who contribute to the state-run CollegeAdvantage plan may deduct up to \$4,000 per beneficiary, per year, from their taxable income, with unlimited carry-forward of excess contributions to future years. Beginning in 2026, this deduction increases to \$8,000 per beneficiary for joint filers and will be indexed for inflation.

### **Who may donate to a 529 account?**

Anyone may contribute to a 529 plan for any beneficiary. Any Ohio taxpayer contributing to a CollegeAdvantage plan may take the state income tax deduction, regardless of who owns the account or who the beneficiary is.

### **Can funds in a College Advantage account be used for K–12 tuition in another state?**

Yes. Funds can be used to pay qualified K–12 tuition expenses at eligible private or religious schools in any state.

### **Can the beneficiary on an account be changed?**

Yes. The beneficiary may be changed at any time. Transfers among qualifying family members do not incur a tax liability. The plan's disclosure documents list all eligible family relationships.

### **Is there an annual limit on how much one person may donate to a 529 plan?**

529 contributions are considered gifts for federal tax purposes. For 2025, the annual gift tax exclusion is \$18,000 per beneficiary (\$36,000 for married couples). Larger contributions may be treated as being made over five years for tax purposes.

### **Is there an annual limit on using a 529 account for K–12 tuition expenses?**

Yes. Through 2025, the maximum amount that can be distributed tax-free per calendar year for K–12 tuition is \$10,000 per student, regardless of the number of 529 accounts established for that student. Starting in 2026, the One Big Beautiful Bill Act raises this annual limit to \$20,000 per student per year for qualified K–12 expenses.

### **Can an existing 529 account be used for K–12 expenses?**

Yes. Existing 529 accounts may be used for up to \$10,000 annually per student for K–12 tuition expenses at qualified private or religious schools through 2025, and up to \$20,000 per student beginning in 2026.

### **Where can further information be found?**

To learn more about Catholic schools in the Diocese of Cleveland, visit [dioceseofcleveland.org](http://dioceseofcleveland.org). To explore Ohio's CollegeAdvantage 529 Savings Plan, visit [collegeadvantage.com](http://collegeadvantage.com).

### **Looking Ahead to 2026**

The One Big Beautiful Bill Act expands the definition of qualified education expenses and increases the annual K–12 withdrawal limit to \$20,000 per student per year. Families are encouraged to consult their tax or financial advisor to understand how these updates may affect their specific circumstances.

*This document is not intended to provide legal, financial, or tax advice. If you have questions about or wish to discuss your own situation, please contact your own legal counsel or your own financial or tax advisor.*