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SECURE Act Opens New Doors for Higher Education

Olympia — On December 20, President Trump signed the SECURE Act into law as part of a sweeping federal spending bill. While most of the buzz on the SECURE Act in recent months has been about its potential effects on retirement plans, it also contains two significant provisions relating to state-sponsored 529 plans, which offer tax-advantaged higher education savings accounts to U.S. residents.

One of the new provisions allows funds in a 529 account to be used for expenses related to apprenticeship programs registered and certified with the U.S. Secretary of Labor. In addition, under the Act, 529 account holders are now able to use funds to cover student loan payments, up to a \$10,000 lifetime limit per beneficiary. Previously, allowable 529 expenses were limited to costs associated with attendance at a college, university, or technical school or, following the passage of the [2017 Tax Cuts and Jobs Act](#), certain K-12 tuition costs.

According to the SECURE Act, 529 withdrawals for these newly eligible expenses will not be considered taxable distributions by the IRS, resulting in potential significant additional tax savings for those who participate.

“These are major developments for 529 account owners,” commented Luke Minor, Director of [WA529 – Washington’s College Savings Plans](#). “Student loan debt in America has passed \$1.6 trillion. Allowing 529 funds to be used to pay down some of this debt is sure to help families.”

Minor continued, “With more and more people choosing to pursue an apprenticeship over a traditional college degree, allowing such costs to be covered with 529 funds is very positive change.”

[A 2019 study](#) by [ISS Market Intelligence](#) reported that, of those saving for college using 529 accounts, more than 80% of them viewed expanding the use of 529s to apprenticeships and student loans as an important enhancement that could potentially lead to greater use of 529s as a savings tool.

“We envision these enhancements helping families by enabling them to save more for higher education, and helping former students with education loans, by providing another way to get out from under that student debt,” said Minor.

WA529 offers families two ways to save for higher education costs. The [GET](#) program is Washington's 529 prepaid college tuition plan that helps families with young children save for future higher education expenses. The State of Washington guarantees that the value of your account will keep pace with the cost of college tuition, no matter how much it changes in the future. [DreamAhead](#), launched in 2018 to complement GET, allows you to pick from several investment options and save money based on market performance.

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About WA529

WA529 administers the Washington College Savings Plans. The Guaranteed Education Tuition (GET) program is Washington's 529 prepaid tuition program that helps families save today for future college costs. The program offers a guarantee that is tied to in-state tuition prices and is backed by state law. It also offers tax benefits, flexible payments and a nationwide choice of colleges. GET, along with the DreamAhead College Investment Plan, a market-based 529 plan, represent Washington College Savings Plans (WA529). The Washington Student Achievement Council administers GET while the Washington State Investment Board oversees its investments. The Committee on Advanced Tuition Payment and College Savings governs the program.