

invest529[®]

Withdrawal Guide



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This guide answers some frequently asked questions about withdrawals, financial aid, scholarships, and tax reporting. For more detailed information, refer to the applicable Program Description.

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Starting on July 1, 2024, Virginia529 rebranded its education savings program as Invest529. This change is part of a larger update to the organization. **All terms and conditions, benefits, and services associated with Invest529 portfolios, CollegeWealth or CollegeAmerica accounts will remain unchanged.** When reviewing your account through statements or the online account portal, you may notice the Invest529 name where the Virginia529 logo or name previously existed.

REQUESTING A WITHDRAWAL

Review your account information

1. Visit Invest529.com and select **My Account** to sign in or create an online user profile.
2. Select **Profile Page** to access your contact information and make any necessary updates. To make sure contact information and mailing addresses are current for everyone listed on the account, go **Manage My Accounts** and click on **Manage Other Individuals**.

NOTE: Changing your address or adding a new bank account when withdrawing funds will result in a slight processing delay.

Request a withdrawal

1. Select **Manage My Accounts**, then **Withdraw Funds**.
2. On the **Withdraw Funds** page, select **Get Started**.
3. Select the appropriate account.
4. Select the purpose of the withdrawal. If selecting a purpose of “Higher Education” or “K-12 Education,” enter the school name and Student ID (if applicable).
5. Select where you want to send the funds. Funds may be sent to the account owner, student, or the school.
6. Enter an amount to withdraw and a preferred method to receive the funds (bank transfer or check).
7. Review the details and submit the request. Withdrawals are typically processed within 2-3 business days.



Helpful tips

- Use the **Memo** section on the **Withdrawal Amount and Method** screen to add a purpose or notes about your withdrawal. This may be helpful for documentation purposes.
- Update your address or banking information in advance to avoid any processing delays.
- Check the status or details of your request any time. Go to the **View My Accounts** tab and select **Withdrawal History**.
- Have a Tuition Track Portfolio? See the next section in this guide for more information.

USING A TUITION TRACK PORTFOLIO?

For Virginia residents who have Tuition Track Portfolios, the withdrawal process is the same as all other Invest529 portfolios. Simply sign into your account and make a withdrawal request. But there are some important things to keep in mind.

Units

When you contribute to your Tuition Track Portfolio, you purchase “units.” For every 100 units, your student receives one year of current **Average Tuition** as defined in the Invest529 Program Description.

Remember: Tuition Track Portfolio units may be purchased through June 30 of a student’s senior year of high school (or preceding the Expected Usage Date).

Average Tuition

Tuition Track Portfolio is designed to keep pace with Average Tuition and protect your contributions until you’re ready to use your units.

If your student’s school charges more than Average Tuition, you will have more to pay to cover the Tuition bill (you can always offset the cost with funds from another Invest529 portfolio). Some lower-priced schools, or community colleges may charge less than Average Tuition. In that case, your surplus units could be used toward room and board, meals, books, or any other qualified higher education expenses.

School A



At School A, you would need to use 112.6 units of Average Tuition (112.6 units x \$151/unit = \$17,000) to cover your annual Tuition.

\$17,000	Current Tuition & Fees
- \$15,100	100 Units paid
<hr/>	
\$1,900	Left to pay toward Tuition

School B



At School B, you would need to use 82.76 units of Average Tuition (86.1 units x \$151/unit = \$13,000) to cover your annual Tuition.

\$15,100	100 Units paid
- \$13,000	Current Tuition & Fees
<hr/>	
\$2,100	Surplus for other qualified higher education expenses

Current Value

The value of your Tuition Track Portfolio depends on how long contributions have been held and when withdrawal requests are made. This is known as the **Current Value**.

To receive the full value of your units, they must be held for three (3) years and your student must reach their Expected Usage Date. This is known as the **Maturity Value**. The number of units that have reached Maturity Value are multiplied by the Average Tuition.

For example, if the 100 units purchased have reached Maturity Value, and the then-current Tuition Track Unit Price is \$151 (based on Average Tuition for 2024), you'd receive a payout of \$15,100.

Tuition Track Portfolio Current Value ¹		
Unit Held for Three Years?	Expected Usage Date Met?	Current Value
No	No	Contributions Only
Yes	No	Contributions Plus Tuition Track Interest ²
No	Yes	Contributions Only
Yes	Yes	Maturity Value

¹ Calculated per Unit or fraction of a Unit

² May be higher if used for postsecondary education due to early high school graduation or dual enrollment.

The Current Value of your Tuition Track Portfolio may include a combination of units that haven't reached full maturity.



For example:

100 Units held for 3 years	\$15,100	(100 units x \$151 unit price for 2024)
50 Units at held for 2 years	\$6,818	(50 units x \$136.36 paid per unit in 2022)
50 Units held for 1 year	\$7,250	(50 units x \$145 paid per unit in 2023)
Current Account Value	\$29,168	

The value of the units held the longest will be deducted first from your account, so you may see a shift in the Current Value after you make your first withdrawal.

Looking for your Current Value? Your account details and value are available anytime by signing into your online account and viewing your Account Summary.

QUALIFIED EDUCATION EXPENSES

Funds may be used for certain qualified expenses including:

- **Higher Education:** Tuition, fees, meal plans, room and board, textbooks, computers and related equipment and any other supplies required for attendance, including special needs services.
- The student must be enrolled for at least half the normal full-time workload to qualify for room and board or off-campus housing expenses.
- **K-12 Education:** Tuition at private, public and religious schools—up to \$10,000 per student per year.
- **Student Loan Repayment:** A lifetime maximum of \$10,000 per student toward qualified student loan repayment.
- **Registered Apprenticeship Programs:** Fees, training, supplies and other required equipment. The program must be registered and certified with the U.S. Department of Labor.



Non-qualified higher education expenses include, but are not limited to, application and testing fees, transportation costs, health insurance, extracurricular activities and tutoring.

NOTE: You may be reimbursed for qualified higher education expenses that have already been incurred. The IRS recommends taking the withdrawal in the same year the expense was paid, but there is no official rule for this requirement.

ELIGIBLE EDUCATIONAL INSTITUTIONS



Higher Education

Funds can be used at any eligible college or university in the U.S. or even the world. This includes graduate schools, community college, technical/vocational schools, or even study abroad programs. Schools must participate in federal student aid programs. Search for eligible schools or school codes on the U.S. Department of Education's Federal Student Aid website, [Studentaid.gov](https://studentaid.gov).



K-12 Education

Funds may be used for up to \$10,000 toward tuition per year at any elementary or secondary public, private or religious school as determined under applicable state law.

FINANCIAL AID AND SCHOLARSHIPS

Impact on financial aid

Funds can be used at any eligible college or university in the U.S. or even the world. This includes graduate schools, community college, technical/vocational schools, or even study abroad programs. Schools must participate in federal student aid programs. These accounts will be assessed at or about 5.64 percent of the value when calculating the Student Aid Index (SAI) for financial aid eligibility.



If the student is a dependent, the 529 account will be considered a parent asset. If the student is not a dependent, the account is considered a student asset. Beginning in 2024–2025, funds withdrawn and sent directly to the student from an account owned by someone other than the parent or student (a grandparent, for example) are not considered reportable income for the student on the FAFSA.

- Some schools require additional information to determine financial aid awards. Inclusion of accounts owned by someone other than the student or custodial parent depend on the school requirements.
- The best resource for detailed financial aid information is your school's financial aid office or a college access or financial aid advisor in your area.

Completing the Free Application for Federal Student Aid (FAFSA)

Beginning in 2024–2025, only 529 accounts owned by the custodial parent for the student (or student-owned accounts) must be reported on the FAFSA. Funds withdrawn and sent directly to the student from an account owned by someone other than the parent or student do not need to be reported on the FAFSA.

Access your total account value online by following the steps below.

1. Visit [Invest529.com](https://invest529.com) and select **My Account** to sign in or create an online user profile.
2. After signing in, scroll down to the **Account Summary** section. The total value of your accounts can be found at the bottom.

Scholarships and your Invest529 account

529 accounts should not affect receipt of merit-based financial aid, like academic or athletic scholarships, and may be used to pay for qualified expenses not covered by a scholarship or retained for future years, for either undergraduate or graduate school. A scholarship refund may also be requested from your Invest529 account, penalty-free, up to the amount of the scholarship.

- To receive a scholarship refund from an Invest529 account, account owners should submit a withdrawal request for the scholarship amount (payable to themselves). Remember to keep all documentation for tax purposes.

NCAA scholarship rules may impact 529 withdrawals – contact your school to discuss any interplay between your accounts and any NCAA scholarship.

- Scholarships may include grants awarded to students for academic, athletic, musical or other special abilities, certain tuition remission benefits for children of university employees, and
- appointments to a U.S. military academy. Scholarships do not include need-based financial aid, including student loans or work-study programs.

TAX INFORMATION

Keep accurate records

You are responsible for maintaining documentation of all qualified higher education expenses. No documentation is required to be submitted with a withdrawal request, but should still be retained for your records and tax purposes. This includes copies of tuition invoices, meal plan contracts, documentation of rent if living off campus, receipts for textbooks, and other qualified higher education expenses.



Tax treatment of withdrawals

Earnings on Invest529 accounts grow free from federal and Virginia state taxes (for Virginia state taxpayers) and are excluded for income tax purposes when funds are used to pay for qualified higher education expenses.

Reporting withdrawals in your tax returns

It's not required to report withdrawals used for qualified higher education expenses on your federal tax return. An IRS Form 1099-Q (Qualified Tuition Program Payments) will be issued each year in which a withdrawal is made.

- For withdrawals made payable to the account owner, the Form 1099-Q is sent to the account owner. A digital copy can be accessed through your online account.
- For withdrawals made payable to the student or a school, the Form 1099-Q is sent to the student.
- The student may also create an online user profile to view a digital copy. The student needs to have a valid email address on file in order to set up online account access.

NOTE: Account owners will not be able to view the digital copy in their online account; it is only available in the student's online account.

- Non-qualified withdrawals will incur a 10 percent penalty on the earnings portion of that non-qualified withdrawal, and should be reported as income by the Form 1099-Q recipient.

Helpful tips

- The same qualified higher education expense may not qualify for more than one tax benefit (for example, tax-free withdrawals and a federal tax credit).
- For more information, review the [1099-Q Fact Sheet](#).
- For more information on the tax treatment of withdrawals see IRS Publication 970, "Tax Benefits for Education," available at [irs.gov](https://www.irs.gov). You may also call the IRS at 1-800-829-3676 OR consult your tax advisor.

Non-qualified withdrawals

The earnings portion of non-qualified withdrawals are taxable as ordinary income and, unless an exception applies, are subject to a federal penalty of 10 percent on the taxpayer's federal tax return. Non-qualified withdrawals may result in the recapture of prior Virginia income tax deductions for Virginia taxpayers. Non-Virginia taxpayers should contact their state's department of taxation for more information.

Exceptions to the non-qualified withdrawal rules include a withdrawal made due to the student's death, disability or receipt of a scholarship. Exceptions are not subject to the 10 percent penalty or recapture of income tax deductions, but the earnings portion is taxed as ordinary income.

IMPORTANT NOTICE: Individual tax situations vary greatly. Please consult a tax advisor concerning any legal or tax implications arising from opening or using your Invest529 account. Invest529 cannot provide legal, financial or tax advice and the information in this Withdrawal Guide should not be construed as such with respect to the consequences for any particular individual as a result of contributions to, investment of, or withdrawals from an Invest529 account.

ADDITIONAL RESOURCES

Live and on-demand videos

- Visit Smart Savers Academy at Invest529.com/learn/tutorials
- Register for a live webinar or view an on-demand video

Helpful articles

- Visit Invest529.com/blog
- Read various articles on education savings, account updates and other news

Read the Program Description

- Visit Invest529.com/resources/documents
- Download or view a copy of the Invest529 or CollegeWealth Program Descriptions

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9001 Arboretum Parkway
North Chesterfield, VA 23236
Toll-free 1.888.567.0540
Invest529.com

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