

A photograph of four Catholic school children standing outdoors in front of a brick building. From left to right: a girl with long brown hair and a white flower in her hair, a girl with blonde hair in a ponytail, a girl with blonde hair and purple-rimmed glasses, and a boy with short brown hair. They are all wearing blue and white plaid dresses or skirts and white shirts. The boy is wearing a tie and a belt. A large, dark, ornate metal urn is visible on the left side of the image.

A New Way to Invest in Your Family's Catholic Education

Attention Catholic School Families: New tax reform allows \$10,000 from 529 Plans to be used for elementary or secondary school tuition.

The recent Tax Cuts and Jobs Act of 2018 made some positive changes to qualified tuition programs (commonly known as 529 plans) that may benefit you and your family. Starting in 2018, you can now take tax-free distributions from a qualifying 529 Plan to pay for tuition to elementary, middle, or high school (including all public, private, or religious schools). You will be limited to a total cash distribution from all 529 plans of \$10,000 per beneficiary per tax year.

For example, if you have two children enrolled in Catholic school and pay \$24,000 in annual tuition, you can take a tax-free distribution from their 529 Plans of \$20,000 (\$10,000 for each child) per year to help cover the cost of the tuition.

Keep in mind that contributions into the South Carolina Future Scholar plan will provide a South Carolina tax deduction in the amount of the contribution. Therefore, in the above example, you can put \$20,000 into the South Carolina Future Scholar plan and get a \$20,000 deduction on your South Carolina tax return. And then use this fund to pay for their tuition starting in 2018.

Contact your local tax professional or South Carolina Catholic Conference Director, Michael F. Acquilano at (843) 261-0535, macquilano@charlestandioocese.org for further information.

