

Qualified Education Expenses Defined





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The term "qualified education expenses" is used frequently in education circles, but it can mean various things depending on the context. This table describes what the term means in specific situations. (Note: The term "post-secondary education" includes graduate school unless otherwise noted.)

| | Qualified education expenses are... |
|---|---|
| 529 college savings plan 529 prepaid tuition plan | <p>Tuition, fees, books, supplies, equipment, and room and board for post-secondary education (college savings plans generally include graduate school; prepaid tuition plans generally don't)</p> <p>Room and board:qualified only if the student is enrolled at least half time (if student lives on campus, room and board is limited to the actual amount charged by the school; if student lives off campus or at home, room and board is limited to the college's specific published room and board allowance figure)</p> <p>Computers:qualified only if the college specifically requires one in order to enroll or attend</p> <p>Special needs services:qualified if incurred by a beneficiary with special needs in order to enroll or attend</p> |
| Coverdell ESA | <p>Elementary, secondary, and post-secondary education expenses, including tuition, fees, tutoring, books, supplies, room and board, uniforms, transportation, and related equipment</p> <p>Computers:qualified for students in elementary and secondary school, even if the school doesn't require it; aren't qualified at the post-secondary level unless the college requires one</p> |
| U.S. savings bonds (to be eligible to exclude interest from federal income tax when bonds are redeemed) | <p>Tuition and fees for post-secondary education (courses must be part of a degree or certificate program), and contributions to 529 plans (prepaid tuition plans or college savings plans) and Coverdell ESAs</p> <p>Room and board and books:not qualified education expenses</p> |
| American Opportunity credit Lifetime Learning credit Deduction for qualified higher education expenses | <p>Tuition and related expenses only (American Opportunity credit can be used only for undergraduate costs; Lifetime Learning credit and deduction for qualified higher education expenses can be used for both undergraduate and graduate costs)</p> <p>Course-related books, supplies, equipment, and student activities:for Lifetime Learning credit, qualified only if the fees must be paid to the college in order to enroll or attend, for American Opportunity credit, course materials are qualified even if not required by college</p> <p>Not qualified expenses (even if they must be paid to the college in order to enroll or attend):room and board, medical expenses (including student health fees), insurance, transportation, and personal living expenses</p> |



Student loan interest deduction

Tuition, fees, room and board, books, equipment, and other necessary expenses, such as transportation, for post-secondary education

For loan to be qualified: student must have been enrolled in a degree or certificate program on at least a half-time basis when the loan was obtained

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