



FINANCE AND ADMINISTRATION CABINET  
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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### Money Tip for Students, November 2022

#### Use a 529 account to save for education

**FRANKFORT, Ky. (Nov. 2, 2022)** — Setting up a 529 account is a good way to save for education costs, according to the Kentucky Higher Education Assistance Authority (KHEAA). These education savings accounts get their name from the governing section of the federal tax code.

While many people think of saving for college when it comes to a 529 account, that isn't the only option. Kentucky's savings plan, KY Saves 529, can be used to save for K-12 education, as well as for college, and to pay expenses for many apprenticeship programs.

"As a mom who has kids in college, but also has a toddler, I know it's never too early to start saving for education expenses down the road," Lt. Gov. Jacqueline Coleman said. "529 accounts help families invest in their children's futures, starting today."

KY Saves 529 funds can also be used to repay up to \$10,000 in student loans for the account's beneficiary or a beneficiary's sibling.

Accounts don't have to be opened by parents. Grandparents and other relatives can open accounts for children. Adults can even open accounts to save for their own college education.

Money withdrawn from a 529 account is free of federal tax, as long as it is used for qualified educational costs. Qualified costs include tuition and fees, room and board, books, computers and certain expenses for special-needs students.

Qualified withdrawals by Kentucky residents are also exempt from state tax, and KY Saves 529 accounts are not included when schools determine Kentucky need-based college financial aid. Contributions qualify for the current federal \$15,000 annual gift exclusion.

For more information about KY Saves 529, visit [kysaves.com](http://kysaves.com).

KHEAA is the state agency that administers KY Saves 529 and Kentucky's student financial aid programs, including the Kentucky Educational Excellence Scholarship (KEES). Many of KHEAA's student aid programs are funded by Kentucky Lottery revenue. For more information about Kentucky scholarships and grants, visit [kheaa.com](http://kheaa.com); write KHEAA at P.O. Box 798, Frankfort, KY 40602; or call 800-928-8926.

KHEAA also disburses private Advantage Education Loans for its sister agency, KHESLC. For more information about Advantage Education Loans, visit [advantageeducationloan.com](http://advantageeducationloan.com).