

Let us help you. Contact us at 303-376-8855

CARES Act Important Updates

Many of us are learning to live in a changed work environment and often a changed home environment as well. While we navigate those changes, our clients are also experiencing the same upset in their own lives. Here are some recent changes that might be affecting your clients with 529 accounts.

Refunds Change

The CARES Act allows Affected Taxpayers an extended period of time (potentially July 15th) to deposit refunds from expenses back in to their 529 plan, as many students received refunds past the normal 60 day deadline to deposit the funds as a refund. They can ask their tax professional if they are defined as an Affected Taxpayer, but we have attached the IRS announcement for you.

[Summary and IRS source documents](#)

Use Your Refund

You can also use those refunds to reimburse yourself for eligible expenses already made, such as off campus housing, books, supplies, and food. Questions on what is eligible? Let us know, we can help.

Student Loan Relief

The CARES Act also gives some student loan holders some temporary relief in paying back student loans in that it automatically holds off any payments due for a period of time.

Employer Help for Student Loans

Another important feature is the ability for employers to pay back student loans for employees up to \$5,250 and not have it included as income to the employee.

[Finra Loan Update](#)

If you have questions about these changes or anything related to helping pay for college, please reach back out to us by email or phone.

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\$100 gift for Colorado newborns.

The Colorado legislature passed a bill in the 2019 session giving every child born or adopted in Colorado a \$100 contribution to their CollegeInvest 529 college savings account, starting January 1, 2020 and called First Step. Online application will be accepted starting February 18th, 2020.

For all the details, click here. <https://www.collegeinvest.org/first-step/>

Employers now receive a tax benefit.

Thanks to new Colorado legislation, businesses now get a tax credit when they contribute to their employee's CollegeInvest accounts. They can receive a 20% tax credit, up to a maximum of \$500 per employee per year. Employers recognize the cost to keep employees is far less than the cost to replace and retrain, and in this tight labor market every little perk counts. Help the employers you work with retain their talent by letting them know about 529 corporate plans.

[This short video](#) has additional details.

Contact either of our Business Development Managers for more information.



Important Considerations

To learn about CollegeInvest's 529 program, its objectives, risks, charges, expenses, limitations, restrictions and qualifications regarding the Plans' benefits and potential tax advantages, please read and consider carefully the Program Disclosure Statements (PDS) available at www.collegeinvest.org before investing. Also, check with your or your beneficiary's home state to learn if it offers tax or other benefits for investing in its own plan. Administered and issued by CollegeInvest. CollegeInvest and the CollegeInvest logo are registered trademarks of CollegeInvest. Copyright © 2020 CollegeInvest.

Contributions to the Plan(s) are deductible from Colorado State income tax in the tax year of the contribution, up to your Colorado taxable income for that year. Such deductions are subject to recapture in subsequent years in which non-qualified withdrawals are made.

Contributions between \$15,000 and \$75,000 made in one year can be prorated over a five-year period without incurring federal gift taxes or reducing your unified estate and gift tax credit. If the account owner dies before the end of the five-year period, a prorated portion of the contribution will be included in his or her taxable estate. If you contribute less than the \$75,000 maximum, additional contributions can be made without incurring federal gift taxes, up to a prorated level of \$15,000 per year. Federal gift taxation may result if a contribution exceeds the available annual gift tax exclusion amount remaining for a given student in the year of contribution.

CollegeInvest is a not-for-profit division of the Colorado Department of Higher Education. As such, our primary goal is to help students get an education beyond high school. We provide expert information, simple planning tools, scholarships, and savings plans for Colorado families.

