GAP YEAR ASSOCIATION

OPTIONAL 529 EDUCATION SAVINGS PLAN ACCESS FOR GYA COLLEGE CREDIT OPTION

A major advantage of GYA's College Credit Program is that it allows students to access 529 Education Savings funds—not only for their college credit registration fee, but also for their program tuition! If a student has a 529 Education Savings Plan, enrolling in a single college credit course through GYA can help them fund a large portion of their gap year expenses.

What is a 529 Education Savings Plan?
A 529 Education Savings Plan is an investment account that offers tax-free withdrawals and other benefits when used to pay for *qualified education expenses.*

What are qualified education expenses?
529 Education Savings funds may generally be used for program tuition and credit costs with the exception of direct travel expenses. Expenses for room and board may only be incurred for students who are enrolled in at least "half-time" academic credit (minimum of six semester credits).

GYA strongly recommends that students/families consult with their own tax professional to verify that expenses are considered qualified and allowable.

For additional information about the use of 529 Education Savings Plans, visit IRS Publication 970, Chapter 7, page 50.

Process for using 529 Education Savings funds for a GYA Accredited Program Participating in the GYA / University of Montana College Credit Option:

Encourage students/families to check in with their 529 plan administrator and let them know that they will be earning college credit during their gap year program. Every 529 plan is different; some will allow the funds to be sent directly to the program provider. If this is the case, no further action is needed by GYA or UM. The responsibility lies with the student to successfully enroll in and complete their UM coursework as well as

maintain proof of payment of their tuition and completion of the college credit coursework in the form of their official UM transcript.

If, however, the plan administrator requires that payment be made directly to the institution of higher education from which the college credit will be granted, The University of Montana will accept the funds on behalf of the program. The process for this option includes the following steps:

1. GYA Accredited Program Provider indicates that the student will participate in the GYA / UM College Credit option by registering the student on the Program's GYA Google Sheet and noting that the student wishes to process their 529 funds through UM.

2. GYA Accredited Program Provider will have the student complete the GYA / UM 529 Education Savings Plan Form and will submit the form to GYA.

3. GYA will notify UM of students wanting to use 529 funds.

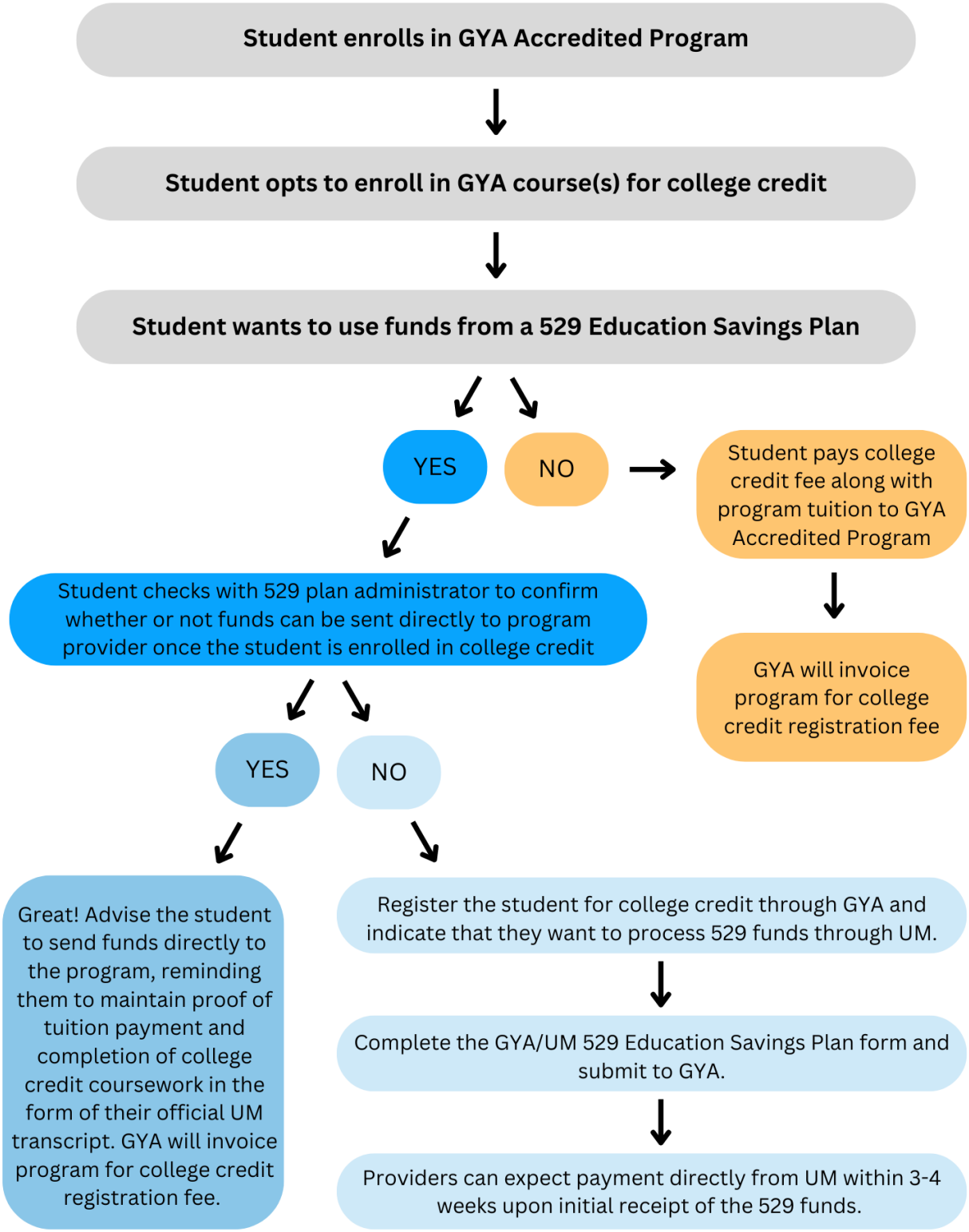
4. UM will invoice the student/family directly.

5. Once payment is received by UM, UM will initiate payment to the Program Provider. Providers can expect payment from UM within 3-4 weeks upon receipt of the initial funds.

**Please note that UM is unable to initiate payment until the initial 529 funds are received. It is up to the Program Provider to communicate with the student/family to ensure the funds are sent to UM by the 529 plan administrator in a timely manner.*

Will students receive a Form-1098 T?

Students will **NOT** receive a tuition statement tax form (Form 1098-T) from the University of Montana, nor from the Gap Year Association. For tax purposes, in lieu of a Form 1098-T, it is recommended that students maintain proof of tuition payment to their program provider and documentation of enrollment with the University of Montana in the form of a student ID number and/or official transcripts.


Student enrolls in GYA Accredited Program
Student opts to enroll in GYA course(s) for college credit
Student wants to use funds from a 529 Education Savings Plan
YES
NO
Student pays college credit fee along with program tuition to GYA Accredited Program
GYA will invoice program for college credit registration fee
Student checks with 529 plan administrator to confirm whether or not funds can be sent directly to program provider once the student is enrolled in college credit
YES
NO
Great! Advise the student to send funds directly to the program, reminding them to maintain proof of tuition payment and completion of college credit coursework in the form of their official UM transcript. GYA will invoice program for college credit registration fee.
Register the student for college credit through GYA and indicate that they want to process 529 funds through UM.
Complete the GYA/UM 529 Education Savings Plan form and submit to GYA.
Providers can expect payment directly from UM within 3-4 weeks upon initial receipt of the 529 funds.