

# Withdrawal checklist

You've been saving, and now you're ready to make a withdrawal

## HOW TO WITHDRAW

- Request withdrawal online.
- Submit Form 300 via mail, email or fax.
- Must use Form 300 if
  - Amount is \$75,000 or more (requires a Medallion Signature Guarantee).
  - Funds to be sent to an international school.
  - Nonqualified expenses.

## QUALIFIED EXPENSES

- Tuition and mandatory fees.
- Books, supplies, and required equipment.
- Room and board – student must be enrolled at least half-time. If living off campus, follow the cost for living on campus as a guide.
- Computers – peripheral equipment, educational software, and internet access.
- Registered apprenticeships.
- K-12 tuition expenses (\$10,000 max per year).
- Payment on qualified education loans (\$10,000 max lifetime amount).

## WITHDRAWAL ESSENTIALS

- Who will receive the funds?
  - Account owner.
  - Beneficiary.
  - Institution.
- Mailing a check?
  - Are addresses up to date for account owner and beneficiary?
  - What is the school mailing address?
  - When is tuition or room and board due?
  - Requesting a check to the school? Allow at least 30 days before tuition is due.
- ACH Withdrawal?
  - Account owner bank account linked?
  - Beneficiary bank account linked?

## THINGS TO CONSIDER

- Impact on federal financial aid.
- Nonqualified expenses tax penalty:
  - Earnings portion subject to federal income tax; Utah residents – Utah Income tax.
  - Earnings portion subject to additional 10% federal tax penalty.
- 1099-Q form is generated by IRS when funds are withdrawn. Doesn't need to be reported on taxes if withdrawal was for qualified expenses.
- Who receives the 1099-Q?
  - Account owner, if they receive the funds.
  - Beneficiary, if either beneficiary or school receives the funds.



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