

## Enhanced 529 Utility: The Modern 529 Account

Author: Caden Kline

The One Big Beautiful Bill (OBBA) has brought sweeping changes to several sectors of financial planning, one of which is education planning. The 529 account – a cornerstone of education planning – has received a massive boost in utility. This newsletter aims to inform you about the significant changes being made to 529 accounts and how that affects you.

### Increased Withdrawal Limits for K-12 Education

Effective January 1st, 2026, the OBBA increases the annual withdrawal cap for K-12 education expenses from \$10,000 to \$20,000.

The \$20,000 expense ceiling means that tuition for a private school can now be entirely financed by a 529, as the average cost for a year of K-12 private school tuition is \$15,550.<sup>4</sup>



(Weber, 2025)

### Expansion of 529-Qualified Expenses

Effective as of July 5th, 2025, the following are considered qualified educational expenses, meaning 529 funds can be utilized tax-free for the following:

- Online Educational Programs
- Dual Enrollment course costs for high-school students
- Tutoring and specialized educational services for students with disabilities
- Curriculum Materials (textbooks, workbooks, digital learning tools, etc.)

**Credential Programs Are Now Considered a Qualified 529 Expense** for Nationally Standardized tests (Such as SAT & ACT)

In addition to expanded traditional-education related expenses, the OBBA is expanding the types of educational programs that are deemed qualified.



(Socal, 2025)

Effective as of July 5th, 2025, the OBBA extended 529 eligibility to workforce education programs and credential programs, including:

- [Workforce Innovation and Opportunity Act](#) (WIOA)-approved programs
- Military Credentials
- Credentials sanctioned by State and Federal programs
- Certifications authorized by professional providers

Qualified expenses for these programs are not limited to tuition; qualified expenses related to the list above can also be applied to post-secondary educational and training programs.

**Permanent ABLE Account & 529 Flexibility**

For those with an “Achieving a Better Life Experience” (ABLE) account, 529 flexibility has been permanently extended between the two accounts, strengthening the relationship between these account types.



(Barts, 2025)

The following provisions have been permanently extended related to ABLE accounts:

- Rollovers from 529 accounts to ABLE accounts are now permanently tax-free.
- The “ABLE-to-Work” initiative is now permanent.
  - Employed ABLE account beneficiaries can contribute up to their current year's gross income + \$19,000 (will increase to \$20,000 in 2026)<sup>3</sup>
- Contributions to ABLE accounts remain eligible for the Saver's Credit

## Closing Thoughts

New legislation has enhanced the utility of 529 accounts, providing greater flexibility for ABLE account holders while offering valuable tax-free funds for college and credential programs. 529 accounts are no longer merely funds for college tuition, and education planning becomes an even more useful part of a financial plan. Altogether, these updates make education-focused savings more versatile, empowering families to support a broader range of learning goals throughout every stage of life.

All the best,

The McIlrath Eck Team

### References

1. Disiplo M. 529 Plans and the OBBA: What You Need to Know | BlackRock. BlackRock. Published November 10, 2025. Accessed December 11, 2025. <https://www.blackrock.com/us/financial-professionals/insights/529-plans-and-the-obba-what-you-need-to-know>
2. John Hancock. Four ways that a new federal law enhances 529 education savings accounts — Manulife John Hancock Investments. Home. Published October 8, 2025. Accessed December 11, 2025. <https://www.jhinvestments.com/viewpoints/college-saving/Four-ways-that-a-new-federal-law-enhances-529-education-savings-accounts>
3. Special Needs Planners. ABLE Accounts: Big Changes Coming in 2025-2027. SpecialNeedsAnswers. Published August 8, 2025. Accessed December 11, 2025. <https://specialneedsanswers.com/able-accounts-big-changes-coming-in-2025-2027-21168>
4. Private School Review. Washington Private Schools By Tuition Cost (2022-23). [www.privateschoolreview.com](http://www.privateschoolreview.com). Published 2025. <https://www.privateschoolreview.com/tuition-stats/washington>

---

## Successful Retirement Strategies™



2025 - 2026 Classes are **LIVE!** If you or anyone you know might be interested in attending, please direct them to the link below to directly register with Everett Community College.

[Click here to Register](#)

---

## Document Shredding Event Coming This Spring!

Get ready to safely dispose of those old documents! We are excited to announce that we will be hosting a **Document Shredding Event** for our clients this spring.

This is a secure and convenient opportunity for you to destroy sensitive papers, old records, and confidential documents—all at no cost to you.

While we haven't finalized the date and time yet, we wanted to give you an early heads-up so you can start gathering the documents you want to shred securely.

**Stay tuned!** We will send out a follow-up announcement with all the confirmed details (date, time, and location) as soon as they are finalized.



---

We are very honored that a large percentage of our clients have come to us as referrals. It means a great deal that our clients trust us enough to share our information with their loved ones. We consider this to be the highest of compliments! If you have

family, friends, co-workers or other acquaintances that you think could benefit from a meeting with us, we would be more than happy to sit down with them for a complimentary consultation to help them analyze their situation and set them on the right track towards a successful financial future.



*thank you!*

Watch Our  
Company Video

Visit Our  
Website

Join Our  
Facebook





**“I have a big pile of mice and birds  
saved under the porch. I need to  
roll them over into an IRA.”**

---

3325 Smokey Point Dr, Suite 201  
Arlington, WA 98223-7803  
US

If you would no longer like to receive email from us, [click here](#) to  
unsubscribe