

Federal Income Tax-Free Treatment of Qualified Withdrawals is Now Permanent!

On August 17, 2006, the federal income tax exemption for KAPT and all other Section 529 plans was made permanent when the Pension Protection Act of 2006 was signed into law.

In 2001, federal legislation passed providing certain federal tax benefits to Section 529 plans; however, these benefits were set to expire on December 31, 2010. The passage of the Pension Protection Act means that withdrawals from Section 529 plans for qualified educational expenses after December 31, 2010, will continue to be tax exempt.