



Virginia College Savings PlanSM

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2008 IRS Form 1099-Q

- If there was a distribution from your Virginia College Savings Plan account in 2008, an IRS Form 1099-Q will be issued for your account.
- If the distribution was made directly to the beneficiary or to a school, the 1099-Q must be sent to the beneficiary; all other 1099-Qs will be sent to the account owner.
- If your beneficiary's qualified higher education expenses equal or exceed your Virginia College Savings Plan account distribution, you do not need to report the earnings on your federal tax return. Remember that you cannot use the same higher education expense to qualify for more than one tax benefit. For example, you may not use tax-free distributions from both a Virginia College Savings Plan 529 account and a Coverdell Education Savings Account for the same expense. Please refer to IRS Publication 970, Tax Benefits for Education, for examples and additional information. Publication 970 is available on the IRS web site, www.irs.gov, or by calling toll-free 1-800-829-1040.
- If you have a non-qualified distribution from your Virginia College Savings Plan account, you must report the earnings portion on line 21 of IRS Form 1040. The 10% of earnings additional penalty tax is reported on IRS Form 5329. Please see page 28 of the instructions for IRS Form 1040, or IRS Publication 970 (see above) for additional information. If you are reporting earnings on a non-qualified distribution, you may not file Form 1040EZ.
- If the non-qualified distribution was due to the beneficiary's death, disability or receipt of a scholarship, or if the expense (i.e., tuition) was used to qualify for the Hope or Lifetime Learning tax credits, you will owe tax on the earnings portion of the distribution, but you will not be subject to the 10% of earnings additional penalty tax. Please see IRS Publication 970 (see above) for examples and additional information.
- Remember to keep appropriate documentation (copies of invoices, meal plan contracts, or textbook receipts, for example) for at least three years.
- If you live in a state other than Virginia, please check to determine your state's treatment of income from another state's qualified tuition program.
- If your 1099-Q reflects a loss, you may only deduct this loss as a miscellaneous itemized deduction (subject to the 2% of federal adjusted gross income threshold) in the tax year when all of your VEST, CollegeWealth and CollegeAmerica accounts for the same beneficiary have been depleted. No VPEP account distributions have losses, so loss reporting does not apply to VPEP accounts.
- For more detailed information, please see the benefits guides for VPEP and VEST.

The Virginia College Savings Plan cannot provide legal, investment or tax advice, and the foregoing information should not be construed as legal, investment or tax advice with respect to the consequences for any particular individual as a result of contributions to, investment of, or distributions from a Virginia College Savings Plan account.