



## Allow Apprentices to Utilize 529 Education Savings Plans to Finance Ancillary Apprenticeship Costs

### Background:

- Named after Section 529 of the IRS Code, a 529 plan is a tax advantaged savings account intended to be used for higher and continuing education institutions, as well as the expenditures associated with them. These plans allow the use of such funds on “qualified tuition plans” and are sponsored in each of the fifty states and the District of Columbia.

### Key Points:

- *Like College Students, Construction Apprentices Also Incur Some Costs Associated with their Education.* Department of Labor-approved trade schools typically require apprentices to purchase tools, equipment, and other materials needed to safely and effectively learn their trade.
- *Current Law Allows the Use of 529 Plans to Cover Certain Equipment Purchases Related to Vocational School Expenses.* These purchases can be equated to the computers and books that are so often associated with higher-education learning and are known as “peripheral expenditures” under current IRS code. Much like a computer or activity fees for a college student, an apprentice needs steel toed boots or a hand drill to succeed in the vocation they have sought to pursue.

### NECA Asks:

- Amend the IRS code, specifically Section 529(e)(3) to expressly permit the use of distributions from 529 savings programs for ancillary costs associated with registered apprenticeship programs registered and certified by the Secretary of Labor under Section 1 of the National Apprenticeship Act (29 U.S.C. 50).
- Cosponsor H.R. 3395, *The 529 Opening Paths To Invest In Our Nation’s Students (OPTIONS) Act* by Rep. Mike Kelly (R-PA) and Rep. Donald Norcross (D-NJ).
- Cosponsor S.2222, *A bill to amend the Internal Revenue Code of 1986 to allow for distributions from 529 accounts for expenses associated with registered apprenticeship programs* by Sen. Steve Daines (R-MT), Sen. Lisa Murkowski (R-AK), Sen. Cory Booker (D-NJ) and Sen. Elizabeth Warren (D-MA).

Sponsors: 63 total sponsors (32 Democrats, 31 Republicans)

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Sponsors: 4 total sponsors (2 Democrats, 2 Republicans)

Sen. Daines, Steve (R-MT)  
Sen. Booker, Cory A. (D-NJ)  
Sen. Murkowski, Lisa (R-AK)  
Sen. Warren, Elizabeth (D-MA)