

# 2018 Form 1099-Q

## Furnished by Edward Jones to report distributions from your 529 Savings Plan

Use this document to help understand your Form 1099-Q from Edward Jones. We report the information on Form 1099-Q to you and the IRS each year you take a distribution from your 529 Savings Plan. You may need the information on Form 1099-Q to complete your tax return.

Retain a copy for your records.

### Frequently asked questions

#### Why did I receive a Form 1099-Q?

Form 1099-Q is provided if a distribution was taken from your 529 account during 2018. The form is issued whether or not you used the distribution to pay for qualified higher education expenses.

#### Why was Form 1099-Q issued to me instead of the beneficiary/student?

For an individual 529 account, the IRS requires we issue Form 1099-Q to:

- The account owner when the distribution is made to the account owner, a non-qualified institution or a payee not listed on the account.
- The beneficiary when the distribution is made to the beneficiary or directly to a qualified institution for the benefit of the designated beneficiary.

For a custodial 529 account, the Form 1099-Q is issued to the account beneficiary.

#### How is the earnings portion of my distribution calculated?

Each distribution is generally comprised of pro rata portions of contributions ("basis") and earnings in the account at the time the distribution was taken.

The amount of earnings (Box 2) and basis (Box 3) are shown in the Summary of Distribution Activity section provided with your Edward Jones Form 1099-Q.

#### What are considered qualified higher education expenses?

Qualified education expenses are certain expenses related to the enrollment or attendance at an eligible educational institution.

Qualified expenses generally include:

- Tuition and fees
- Books and supplies
- Room and board, if considered at least a half-time student. Off-campus housing may qualify up to the cost of on-campus housing.

- Computers and related equipment, internet access, educational software
- Other equipment or expenses required for enrollment

#### What institutions are eligible?

Eligible institutions generally include any college, university, vocational school or other postsecondary educational institution eligible to participate in a student aid program administered by the U.S. Department of Education. Beginning in 2018, distributions may also be used to pay for up to \$10,000 in tuition at an eligible elementary or secondary school. Certain foreign institutions may be eligible if participating in student aid programs administered by the U.S. Department of Education. Visit [www.fafsa.ed.gov](http://www.fafsa.ed.gov) for details.

#### Can I claim other educational credits and deductions in the same year?

The American Opportunity Tax Credit, Lifetime Learning Credit, or the tuition and fees deduction can be claimed in the same year as a tax-free distribution from a 529 Savings Plan, but the credit or deduction may not be used for the same qualified higher education expenses. Note that the definition of qualified expenses varies among the different benefits.

#### If you have questions regarding:

##### Your Form 1099-Q:

Visit [www.edwardjones.com/taxcenter](http://www.edwardjones.com/taxcenter) or contact the Edward Jones Tax Hotline at 800-282-0829:

- Mid-January through April 15 - Monday through Friday, 7 a.m. to 7 p.m. Central time, and Saturday, 8 a.m. to 2 p.m. Central time
- April 16 through mid-October - Monday through Friday, 8 a.m. to 6 p.m. Central time

##### Your tax return:

Contact a tax professional, call the IRS at 800-829-1040 or visit [www.irs.gov](http://www.irs.gov). If you are using tax preparation software, contact the software provider for assistance.

##### Investments:

Contact your Edward Jones financial advisor.

## Are distributions taxable?

The part of a distribution representing the amount paid or contributed to the 529 Savings Plan generally does not have to be included in income. The beneficiary also generally does not have to include in income any earnings distributed from the plan if the distribution is less than or equal to the adjusted qualified education expenses. The beneficiary generally must include in income a taxable distribution, and must pay a 10% additional tax on the taxable portion, unless the distribution is:

- Paid to a beneficiary or the beneficiary's estate on or after their death
- Made because the beneficiary is disabled
- Included in income because the beneficiary received a tax-free scholarship or fellowship, veterans educational assistance or employer-provided educational assistance.
- Made due to the beneficiary attending a U.S. military academy
- Included in income only because the qualified education expenses were accounted for in determining the American Opportunity Tax Credit or Lifetime Learning Credit.

## Do I need to report the information on Form 1099-Q?

If the funds distributed from a 529 accounts are used to pay for qualified education expenses, the distribution may not be taxed and generally does not need to be reported on an income tax return. Keep a copy of Form 1099-Q for your records.

## Form 1099-Q explained

**Box 1** This is the total amount distributed from the qualified education program account during 2018.

**Box 2** This is the portion of the gross distribution in Box 1 that is considered earnings. If there were no earnings or there was a loss on the distribution and this is not the final year for distribution from the account, this box will display zero (0.00).

**Box 3** This is the portion of the gross distribution in Box 1 that is considered basis.

**Box 4** This box is checked if a trustee-to-trustee transfer was made directly from one qualified tuition plan to another.

**Box 5** This box is checked to indicate the type of qualified tuition program.

**Box 6** This box is checked if the distribution was sent to someone other than the account beneficiary.

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation. Illustrations and instructions are based on the IRS information available at the time of publication. Please visit [www.irs.gov](http://www.irs.gov) for the most complete and current forms, instructions and other information.

## Can I transfer the 529 account to another beneficiary?

Any amount distributed from a 529 Savings Plan is generally not taxable if it is rolled over to another qualified plan for the benefit of the same beneficiary or for the benefit of a member of the beneficiary's family (including the beneficiary's spouse). Contact your Edward Jones financial advisor to discuss your options.

## Useful reference information

- IRS Publication 970, Tax Benefits for Education
- IRS Form 5329 and Instructions

201 Progress Parkway  
Maryland Heights, MO 63043-3042

Edward Jones  
Information as of January 22, 2019

PAYER/TRUSTEE  
VCSP/COLLEGEAMERICA  
EDWARD JONES  
201 PROGRESS PARKWAY,  
MARYLAND HEIGHTS, MO 63043-3042

Payer's Federal Identification Number  
54-1816246

Edward Jones Account Number:  
111-22222-3-4

Recipient's Name and Address:  
JOHN AND MARY CUSTOMER  
12535 MANCHESTER ROAD  
DES PERES, MO 63131-3710

Figures Are Final

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THIS IS IMPORTANT TAX INFORMATION AND IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE. IF YOU ARE REQUIRED TO FILE A RETURN, A NEGLIGENCE PENALTY OR OTHER SANCTION MAY BE IMPOSED ON YOU IF THIS INCOME IS TAXABLE AND THE IRS DETERMINES THAT IT HAS NOT BEEN REPORTED.

2018 Form 1099-Q | Payments From Qualified Education Programs (Under Sections 529 and 530)  
Copy B - For Recipient (OMB NO. 1545-1780)

Box 1 Gross Distribution 6,127.13

Box 2 Earnings 1,551.71

Box 3 Basis 4,575.42

Box 4 Trustee-to-Trustee transfer

Box 5 Qualified tuition program -  Private  State  Coverdell ESA

Box 6 If this box is checked, the recipient is not the designated beneficiary

Fair market value as of 12/31\*

\*If the FMV is shown, see Pub. 970, Tax Benefits for Education, for how to figure earnings

2018 Summary of Distribution Activity (Beneficiary)

THIS SUMMARY IS NOT A 1099 FORM.....It is a summary of the distribution information you received from your Edward Jones account in 2018. For a complete description of each activity, please refer to your account statement for that period. If you have any questions, please contact your Edward Jones financial advisor.

Trade Date	Distribution (Box 1)	Earnings (Box 2)	Basis (Box 3)	Description	Owner Y/N (Box 6)
11/23	412.16	104.23	307.93	AMCAP FUND CL A-529	N
11/23	582.91	147.41	435.50	AMERN HIGH INCOME TRUST A-529	N
11/23	1,577.96	399.05	1,178.93	AMERICAN MUTUAL FUND CL A-529	N
11/23	518.14	131.03	387.11	BOND FUND OF AMERICA CL A-529	N
11/23	918.53	232.29	686.24	CAPITAL INCOME BUILDER FD A529	N
11/23	924.42	233.77	690.65	CAPITAL WORLD BOND FD CL A-529	N
11/23	953.86	241.22	712.64	INTER BOND FUND AMER CL A-529	N
12/20	16.74	4.39	12.35	AMCAP FUND CL A-529	N
12/20	23.91	6.27	17.64	AMERN HIGH INCOME TRUST A-529	N
12/20	83.61	16.66	46.93	AMERICAN MUTUAL FUND CL A-529	N
12/20	21.04	5.52	15.52	BOND FUND OF AMERICA CL A-529	N
12/20	38.02	9.97	28.05	CAPITAL INCOME BUILDER FD A529	N
12/20	36.83	9.66	27.17	CAPITAL WORLD BOND FD CL A-529	N

## Summary of Distribution Activity

This is a supplemental section provided by Edward Jones and is not a part of Form 1099-Q sent to the IRS. The section itemizes each sell trade that was placed to make cash available for distribution in 2018, along with the portion of the distribution amount considered earnings and basis.

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