

Invest529[®] 2024 IRS Form 1099-Q Fact Sheet



If funds were withdrawn from your Invest529, Prepaid529 or CollegeWealth account in 2024, tax documents providing the 2024 withdrawal information (IRS Form 1099-Q) are posted online and will also be mailed.

If the withdrawal was **paid directly to the beneficiary (student) or to the student's eligible educational institution**, the Form 1099-Q will be mailed to the student. Otherwise, the Form 1099-Q will be mailed to the account owner. **If you rolled over funds to a Roth IRA**, the Roth IRA account owner will be sent a Form 1099-Q to the address you listed on the request.

As an account owner, you can access your 1099-Q online through your account. Students can also set up their own online account access to view their 1099-Q online. Your student must have an active email address on file in order to create an online account.

You'll notice a change to your 1099-Q this year – the form will be issued by Commonwealth Savers Plan. This change is part of the larger organizational transition with Virginia529 becoming Commonwealth Savers and the educational savings program being rebranded as Invest529. [Learn More.](#)

Tax Reporting Information

- If the funds withdrawn from your account were a non-qualified withdrawal, then the earnings portion of that withdrawal should be reported as income on your federal tax return. The 10 percent federal penalty on the earnings portion of that withdrawal is also reported, typically on a separate form. Please see the instructions for your tax return and [IRS Publication 970](#).
- If your student's qualified education expenses for 2024 equal or exceed your account withdrawal(s) taken during the year, then the earnings may not need to be reported on your federal tax return. Remember that you cannot use the same qualified education expense for more than one federal tax benefit. For example, you may not use tax-free withdrawals from both a 529 account and a Coverdell Education Savings Account for the same expense.
- Certain non-qualified withdrawals may not be subject to the federal penalty of 10 percent of the earnings. However, in any of these situations, you will still likely owe tax on the earnings portion of the withdrawal. The penalty does not apply if the withdrawal was:
 - (i) paid on or after the student's death;
 - (ii) issued because the student is disabled;
 - (iii) included in income because the student received a tax-free scholarship or fellowship up to the same amount of the withdrawal; or
 - (iv) included in income because the expense it was used to pay (i.e., tuition) was also used to qualify for the American Opportunity Tax Credit (formerly the Hope Scholarship Credit) or Lifetime Learning credit.

Find information about tax benefits for education including examples, in [IRS Publication 970](#), also available by calling the IRS toll-free at 1-800-829-1040.

In any of these situations, although you may not be subject to the penalty, you will still likely owe tax on the earnings portion of the withdrawal.

Additional Notes

- Remember to keep appropriate documentation (copies of invoices, meal plan contracts, or textbook receipts, for example) for tax purposes.
- If you are a Virginia taxpayer, non-qualified withdrawals may require the recapture of prior Virginia income tax deductions.
- If you live outside the state of Virginia, please check with your state's tax department to determine your state's treatment of income from another state's qualified tuition program.

For more detailed information, please see the Benefits Guide for [Prepaid529](#) and the Withdrawal Guide for [Invest529](#). Please also contact your tax advisor.

Commonwealth Savers Plan (formerly Virginia529) cannot and does not provide legal, financial or tax advice, and the foregoing information should not be construed as such with respect to the consequences for any particular individual as a result of contributions or withdrawals from an account. Since each individual's legal, financial, and tax situation is unique, a qualified professional should be consulted on any of the issues discussed in this document.

The information below is provided as a resource to complete your tax returns and manage your account. To obtain information about your contributions to your account during 2024, please log in to your online account to retrieve contribution information.

When will my tax statements be available?

If funds were withdrawn from your account in 2024, tax documents providing the 2024 withdrawal information (IRS Form 1099-Q) will be posted online and mailed in January 2025.

- If the withdrawal was paid **directly to the student** or to the **student's eligible educational institution**: the Form 1099-Q will be mailed to the student.
- If the withdrawal was paid **directly to the account owner**: the Form 1099-Q will be mailed to the account owner.

Important note: To prevent delays in receiving your Form 1099-Q, sign into to your account online and verify that your address and your student's address and phone number are up to date.

How can I access my Form 1099-Q online?

Account owners can access their Form 1099-Q in their online account. If a withdrawal was made directly to a student or the student's eligible educational institution, then the student will need to set up their online account access to view their Form 1099-Q.

If I did not make a withdrawal in 2024, will I receive a Form 1099-Q?

No, you will only receive a Form 1099-Q if you withdrew funds from or closed your account. Internal rollovers, investment directions and transfers will not generate a 1099-Q.

If I had an outgoing rollover in 2024, will I receive a Form 1099-Q?

Yes. If you rolled over funds to another 529 plan, you will receive a Form 1099-Q from Virginia529 (Commonwealth Savers Plan). If you rolled over funds to a Roth IRA, the Roth IRA account owner will be sent a Form 1099-Q to the address you listed on the request.

How do I report my withdrawals?

If your student's qualified education expenses for 2024 equal or exceed your account withdrawal(s) taken during the year, then the earnings may not be subject to taxation or penalties. Remember that you cannot use the same qualified education expense for more than one federal tax benefit. For example, you may not use tax-free withdrawals from both a 529 account and a Coverdell Education Savings Account for the same expense.

If the funds withdrawn from your account were a non-qualified withdrawal, then the earnings portion of that withdrawal should be reported as income on your federal tax return. The 10 percent federal penalty on the earnings portion of that withdrawal is also reported, typically on a separate form. Please see the instructions for your tax return and IRS Publication 970.

Certain non-qualified withdrawals may not be subject to the federal penalty of 10 percent of the earnings. However, in any of these situations, you will still likely owe tax on the earnings portion of the withdrawal. The penalty does not apply if the withdrawal was: (i) paid on or after the student's death; (ii) issued because the student is disabled; (iii) included in income because the student received a tax-free scholarship or fellowship up to the same amount of the withdrawal; or (iv) included in income because the expense it was used to pay (i.e., tuition) was also used to qualify for the American Opportunity Tax Credit (formerly the Hope Scholarship Credit) or Lifetime Learning credit.

Are there special considerations for Virginia taxpayers?

If you are a Virginia taxpayer, non-qualified withdrawals may require the recapture of prior Virginia income tax deductions. If you live outside of Virginia, please check with your state's tax department to determine your state's treatment of income from another state's qualified tuition program.

Find information about tax benefits for education including examples, in [IRS Publication 970](#), also available by calling the IRS toll-free at 1-800-829-1040. Your tax consequences depend on your individual circumstances. You should consult a tax advisor regarding specific tax consequences of taking withdrawals from your 529 account(s).

Commonwealth Savers Plan (formerly Virginia529) cannot and does not provide legal, financial or tax advice, and the foregoing information should not be construed as such with respect to the consequences for any particular individual as a result of contributions or withdrawals from an account. Since each individual's legal, financial, and tax situation is unique, a qualified professional should be consulted on any of the issues discussed in this document.