

LEGISLATIVE UPDATE: 529 PLANS AND POST-SECONDARY CREDENTIALING

H.R. 1 has expanded the use of 529 plan benefits to credentialing and skilled trade programs. Effective for distributions made after July 5, 2025, Qualified Postsecondary Credentialing Expenses are now included as eligible education expenses, offering greater flexibility for individuals pursuing career training, professional licensing, or technical certifications.

Expanded use for credentialing and licensing provides new flexibility for career-based education expenses.

529 plan funds can now be used for education and training programs that lead to recognized post-secondary credentials, as part of the expanded definition of Qualified Higher Education Expenses.

Qualified Postsecondary Credentialing Expenses may include:

- Preparation and testing costs for professional licensing exams, including review courses, study materials, and testing fees for credentials such as the CPA exam, bar admissions exam, and other financial industry licensing tests.
- Program fees and training costs for skilled trades and technical programs, including Commercial Driver's License (CDL) programs, electrical or plumbing training, welding, HVAC programs, cosmetology training, and other hands-on technical careers.

What qualifies as a recognized program or credential



Programs that qualify are generally listed under state Workforce Innovation and Opportunity Act (WIOA) directories¹ or the federal Web Enabled Approval Management Systems (WEAMS)² database maintained by the Department of Veterans Affairs.

Qualified Postsecondary Credentialing Expenses cover both the programs that provide training and the credentials earned upon completion, if they meet one or more of the following criteria:

- Listed on a state's eligible training provider list under Section 122(d) of the WIOA.
- Included in the WEAMS public directory maintained by the Department of Veterans Affairs.
- Recognized by a reputable credentialing organization as valid preparation for an approved professional examination.
- Identified by the Department of the Treasury, in consultation with the Department of Labor, as a reputable credentialing program.

Recognized credentials may include:

- An industry-recognized post-secondary employment credential, including those issued or accredited by:
 - Institute for Credentialing Excellence
 - National Commission on Certifying Agencies
 - American National Standards Institute
 - Credentialing Opportunities On-Line (COOL) directory maintained by the Department of Defense or by any branch of the Armed Services
- A certificate of completion of an apprenticeship registered and certified with the Department of Labor under the National Apprenticeship Act.
- An occupational or professional license issued or recognized by a state or the federal government.
- A credential defined in the WIOA.

Broadening how “higher education” is defined

The expansion of 529 plan rules reflects a more inclusive view of higher education, one that recognizes academic, professional, and technical learning pathways. By including credentialing and licensing programs, H.R. 1 enables 529 plan beneficiaries to save for education and training that align with today’s evolving workforce and lifelong learning opportunities.

529 plans now support pathways that prepare individuals for in-demand careers beyond traditional college programs.

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¹"[Find Local Training \(CareerOneStop\)](#)", CareerOneStop (sponsored by the Department of Labor).

²"[Web Enabled Approval Management System \(WEAMS\)](#)", Department of Veterans Affairs.

State tax treatment of 529 withdrawals may differ, including for K–12 expenses. Seek advice from a qualified tax or legal professional for guidance.

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Des Moines, IA 50392*

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