



The One Big Beautiful Bill Act expands 529 plan flexibility

The passage of H.R.1, the One Big Beautiful Bill Act (OBBBA), in July 2025, significantly enhanced the flexibility of 529 plans, including CollegeAmerica®, by broadening qualified education expenses, including a variety of additional educational and occupational training expenses, while also doubling the annual K-12 expense maximum to \$20,000.



Additional qualified education expenses

Starting July 5, 2025, qualified education expenses are now expanded to include:

- Tuition, fees, books, supplies and equipment required for the enrollment or attendance of the beneficiary in a recognized credentialing and licensing program
- Certification and testing fees required for certain professional licenses and certifications
- Fees for continuing education (CE) necessary to maintain certain professional credentials



Expanded K-12 coverage

Starting January 1, 2026, the maximum annual limit for K-12 qualified expenses increases from \$10,000 to \$20,000 per year per beneficiary.

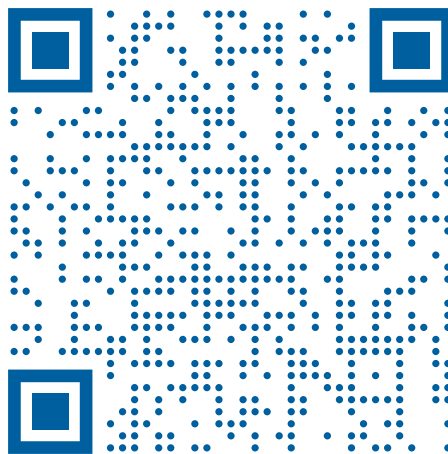
Previously limited to tuition at eligible schools, effective July 5, 2025, qualified expenses for K-12 now include the following expenses in connection with enrollment or attendance of the beneficiary at an elementary or secondary public, private or religious school:

- Tuition
- Textbooks and workbooks
- Tutoring services by eligible educators*
- Certain standardized testing fees (e.g., SAT, ACT, advanced placement [AP] exams)
- Dual-enrollment fees for college-level courses taken during high school
- Online educational materials
- Educational therapies for people with disabilities

If withdrawals are used for purposes other than qualified education expenses, the earnings will be subject to a 10% federal tax penalty in addition to federal and, if applicable, state income tax. States take different approaches to the income tax treatment of withdrawals. For example, withdrawals for K-12 expenses may not be exempt from state tax in certain states.

*The tutor must be a licensed educator, a current or former teacher at an eligible educational institution, or a recognized subject-matter expert. The tutor cannot be related to the student. The tutoring services must be academic in nature and provided in connection with enrollment or attendance at an elementary or secondary public, private, or religious school.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.



<https://www.capitalgroup.com/advisor/investments/college-america-529.html>

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectus, summary prospectus and CollegeAmerica Program Description, which can be obtained from a financial professional and should be read carefully before investing. CollegeAmerica is distributed by Capital Client Group, Inc., and sold through unaffiliated intermediaries.

Depending on your state of residence, there may be an in-state plan that provides state tax and other state benefits, such as financial aid, scholarship funds and protection from creditors, not available through CollegeAmerica. Before investing in any state's 529 plan, investors should consult a tax advisor.

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IMPORTANT NOTE: While these are federal regulations, some states may not fully conform to the expanded list of qualified expenses. Therefore, it is essential to consult with your state's 529 plan administrator or a tax professional to understand state-specific rules and potential tax implications when deciding to use your 529 account for these expenses.

For more information about CollegeAmerica 529 saving plans, please visit our website or contact us at **(800) 421-9900**, option 2.