



January 2009

Frequently Asked Questions about the 1099-Q Form

The following information is designed to answer general questions about the 1099-Q form. Please consult an IRS specialist or your tax advisor if you have further questions about your individual situation.

NOTE: If you used all of the funds distributed from your account for qualified higher education expenses, you do not need to report anything on your federal income tax return. However, please keep this 1099-Q form and documentation of your qualified education expenses for your records.

Why am I receiving a 1099-Q form? What should I do with it?

A 1099-Q form is a record of funds distributed from a qualified tuition program (529 plan) to an account owner, student beneficiary, or designated school. As a qualified tuition program, the GET Program is required by federal law to report this information to you.

- **If you're an account owner**, you're receiving a 1099-Q form because we sent you a refund or reimbursement check in 2008.
- **If you're a student beneficiary**, you're receiving a 1099-Q form because we sent you a reimbursement check or paid money directly to your school in 2008.

What are qualified higher education expenses?

Qualified higher education expenses are the tuition, fees, books, supplies, and equipment required for enrollment or attendance at an eligible college, university or other educational institution. They also include some room and board costs. For details, please review the qualified tuition program section of IRS Publication 970 Tax Benefits for Education. You can download the publication from the IRS Web site at www.irs.gov/pub/irs-pdf/p970.pdf

What do the numbers on the 1099-Q form mean?

- **Box 1** shows the total funds distributed from your GET account(s).
- **Box 2** shows the earnings that could be subject to taxation if you didn't use them for qualified education expenses as required by federal law.
- **Box 3** shows the portion of the distributed funds that was contributed to your GET account(s).

When would the earnings in Box 2 be taxable?

The earnings could be taxable under the following circumstances:

- The distributed funds were not used for qualified education expenses.
- The student beneficiary was changed to someone who is not an eligible family member of the original student beneficiary.

Other circumstances may apply. Please consult your tax advisor for more information.

How do I report taxable earnings?

You report taxable earnings on line 21 of IRS form 1040. If additional penalties apply, you also may need to complete IRS form 5329. Please consult your tax advisor for details.

For more information

Internal Revenue Service

Publication 970 – Tax Benefits for Education (Qualified Tuition Program section)

Direct link: www.irs.gov/pub/irs-pdf/p970.pdf

Telephone: 1-800-829-1040 (toll-free)