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NEW TAX BENEFIT FOR CATHOLIC SCHOOL PARENTS

As a Catholic school parent, you may benefit from the recent changes to the federal tax law. The recently passed federal tax code revisions will allow parents to make contributions to a child's Missouri 529 MOST account for K-12 tuition, in addition to expenses for higher education that are already permitted.

The Missouri 529 tuition savings plan is an investment program sponsored by the State of Missouri. It is managed by the Missouri State Treasurer's office. Anyone can open a 529 MOST account, including parents, grandparents, or friends of school-aged or college-aged students. It only takes about 10 minutes to set up a MOST account, and you can do so online.

Earnings on contributions made to a Missouri MOST investment account are **not** subject to state or federal taxes, and qualified distributions from the account (those for higher education expenses, and now K-12 tuition) are also not taxed. Parents can withdraw up to \$10,000 annually in private K-12 tuition per student as an eligible distribution from a Missouri MOST account.

Catholic school parents can set up a Missouri MOST account, make a monthly contribution to the account, and then withdraw the money to pay their monthly Catholic school tuition bill. As your child enters college, you can continue to contribute to the MOST account for college expenses.

At the end of the year, funds contributed to the MOST account can be deducted from the parent's income. So, for example, if a Catholic school parent contributes \$5,000 during the year to their child's MOST account, \$5,000 will be deducted from their taxable income.

Reducing taxable income, in turn, will reduce the tax bill you pay. When taxable income is reduced by \$5,000, a taxpayer may expect a reduction of about \$300 in their state tax bill. Other factors may affect the tax benefit you realize, but this change in federal law will provide a real tax benefit to Catholic school parents.

To calculate your family's tax benefit, click here:
<https://vanguard.wealthmsi.com/stdc.php>

To set up a Missouri 529 MOST account, visit the Missouri MOST website:
<https://www.missourimost.org/home/open-a-most-529-account.html>