

2007 Planning: Educational Expenses

As you are probably aware, Congress has provided taxpayers with multiple tax incentives to help offset the increasing costs of higher education. These options include Coverdell Education Savings Accounts, Qualified Tuition Programs, the Hope Scholarship Credit, the Lifetime Learning Credit, education savings bonds, a limited student loan interest deduction, and an above-the-line deduction for qualified educational expenses.

While the various education tax incentives offer numerous ways to achieve tax savings, limitations exist that affect the amount of education expenses allowed as a deduction or credit for a given tax year, including income phase-outs, effective dates, the number of students, and their enrollment status. Depending on your current situation as well as your plans for future educational expenses, it may be advantageous to accelerate some of your planned educational expenses into 2007 or defer these expenses to future years in order to maximize the tax benefits offered by these incentives.

Please contact our office at your convenience to discuss the education tax incentives available to you so that we can develop a plan to help you achieve the maximum tax benefits from these incentives for 2007 as well as future years.

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