

INTERPRETIVE MEMO

3SquaresVT Rule Interpretation

Procedural Instruction

This memo remains effective statewide until it is specifically superseded – either by a subsequent memo or by a contradictory rule with a later date.

Please file in your manual facing the page indicated below.

Facing page 273.8e Effective date of this memo 4/3/2012 Page 1

This memo: is new Replaces one dated _____

These Tax-Preferred Education Savings Account/Plans are excluded resources for 3SquaresVT.

Tax-Preferred Education Savings Accounts

Educational Plan or Account Type	What is It?	Authorized Under
529 savings account plan	A tax-preferred investment plan designed to encourage saving for future higher education expenses of a designated beneficiary, typically one's child or grandchild. In Vermont, called Vermont Higher Education Investment Plan, administered by VSAC.	Section 529 of the Internal Revenue Code
Coverdell Education Savings Account (ESA)	A trust or custodial account set up to pay qualified education expenses for the designated beneficiary of the account as tax free distributions. This benefit applies to elementary and secondary as well as higher education expenses.	Originally known as Education IRAs; available on January 1, 1998. The name was changed to Coverdell "Education Savings Accounts" by the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), effective as of January 1, 2002.