

**"I don’t think that once you get to one level, you can relax.**

 **You’ve got to keep pushing."**

*-- Larry Bird, basketball player*

Tax Tip – February 8, 2017

Education Credits and Tax Benefits

Marrieds must file jointly and claim the student as a dependent to take advantage of these two education credits.

Education Credits

* American Opportunity Tax Credit – usable for first 4 years of college for tuition, fees, and certain course materials in the amount of $2,500 per student per year (100% of first $2,000 and 25% of second $2,000 spent). Phaseouts: Single and HH $80,000-$90,000; MFJ $160,000-$180,000.
* Lifetime Learning Tax Credit – usable for undergrad/graduate tuition and fees and courses to gain/improve skills. Maximum credit: $2,000. Phaseouts: Single and HH $55,000-$65,000; MFJ $111,000-$131,000.

Other Education-Related Tax Benefits

* Tuition and Fees Deduction – up to $4,000 based on AGI. Phaseouts: Single and HH $65,000-$80,000; MFJ $130,000-$160,000. This is an above the line deduction.
* Student Loan Interest Deduction – up to $2,500. This is an above-the-line deduction. Phaseout begins: Single $65,000; MFJ $130,000.
* Employer Tuition Assistance – up to $5,250 excluded from income.

If you have any questions regarding this information, please feel free to contact our office.

P.S. Please forward this to your friends or colleagues that you'd like to introduce our firm to. Or send us their email address and we'll ask for their permission to forward with your compliments.

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