
TABLE OF CONTENTS

Introduction	1
I. What's Important for 2025	2
II. Reminders	2
Chapter 1: Scholarships, Fellowship Grants, Grants, and Tuition Reductions	5
I. Introduction	5
II. Scholarships and Fellowship Grants	5
III. Other Types of Educational Assistance	9
Chapter 1: Test Your Knowledge	13
Chapter 1: Solutions and Suggested Responses	15
Chapter 2: American Opportunity Credit	17
I. Introduction	17
II. Can You Claim the Credit	19
III. What Expenses Qualify	23
IV. Who Is an Eligible Student	31
V. Who Can Claim a Dependent's Expenses	34
VI. Figuring the Credit	36
VII. Claiming the Credit	40
Chapter 2: Test Your Knowledge	41
Chapter 2: Solutions and Suggested Responses	43
Chapter 3: Lifetime Learning Credit	45
I. Introduction	45
II. Can You Claim the Credit?	47
III. What Expenses Qualify	48
IV. Who Is an Eligible Student	53
V. Who Can Claim a Dependent's Expenses	53
VI. Figuring the Credit	55
VII. Claiming the Credit	57
Chapter 3: Test Your Knowledge	59
Chapter 3: Solutions and Suggested Responses	61
Chapter 4: Student Loan Interest Deduction	63
I. Introduction	63
II. Student Loan Interest Defined	64
III. Can You Claim the Deduction	69
IV. Figuring the Deduction	69
V. Claiming the Deduction	71
Chapter 4: Test Your Knowledge	73
Chapter 4: Solutions and Suggested Responses	75

Chapter 5: Student Loan Cancellations and Repayment Assistance	77
I. Introduction	77
II. Loan for Postsecondary Educational Expenses	77
III. Private Education Loan	78
IV. Loan From an Educational Organization Described in Section 170(b)(1)(A)(ii)	79
V. Refinanced Loan	80
VI. Student Loan Repayment Assistance	80
Chapter 5: Test Your Knowledge	81
Chapter 5: Solution and Suggested Responses	83
Chapter 6: Coverdell Education Savings Account (ESA)	85
I. Introduction	85
II. What Is a Coverdell ESA	86
III. Contributions	89
IV. Rollovers and Other Transfers	96
V. Distributions	97
Chapter 6: Test Your Knowledge	109
Chapter 6: Solutions and Suggested Responses	111
Chapter 7: Qualified Tuition Program (QTP)	113
I. Reminder	113
II. Introduction	113
III. What Is a Qualified Tuition Program	113
IV. How Much Can You Contribute	118
V. Recontribution of Refunded Amounts	118
VI. Are Distributions Taxable	118
VII. Rollovers and Other Transfers	122
Chapter 7: Test Your Knowledge	125
Chapter 7: Solutions and Suggested Responses	127
Chapter 8: Education Exception to Additional Tax on Early IRA Distributions	129
I. Introduction	129
II. Who Is Eligible	129
III. Figuring the Amount Not Subject to the 10% Tax	131
IV. Reporting Early Distributions	131
Chapter 8: Test Your Knowledge	133
Chapter 8: Solution and Suggested Responses	135
Chapter 9: Education Savings Bond Program	137
I. What's New	137
II. Introduction	137
III. Who Can Cash in Bonds Tax Free?	137
IV. Figuring the Tax-Free Amount	139
V. Claiming the Exclusion	140
Chapter 9: Test Your Knowledge	141
Chapter 9: Solution and Suggested Responses	143

Chapter 10: Employer-Provided Educational Assistance	145
I. Reminder	145
II. Introduction	145
Chapter 10: Test Your Knowledge	147
Chapter 11: Business Deduction for Work-Related Education	149
I. What's New/Reminders	149
II. Introduction	149
III. Qualifying Work-Related Education	150
IV. What Expenses Can Be Deducted	156
V. How to Treat Reimbursements	162
VI. Deducting Business Expenses	165
Chapter 11: Test Your Knowledge	167
Chapter 11: Solutions and Suggested Responses	169
Appendix: Highlights of Education Tax Benefits for Tax Year 2025	171
Glossary	173
Index	175
Final Exam Copy	177