Date: ______________________________
CPA Name: ______________________________
CPA Firm: ______________________________

Please consider and advise on my intention to use 529 plan funds toward pilot training at ATP Flight School.

Background & Rationale

Under prior law, 529 funds generally had to be used for “qualified higher education expenses” (colleges, universities, etc.). However, the new Section 70414 of H.R. 1 (2025) expands the definition of eligible 529 distributions to include qualified postsecondary credentialing expenses for recognized credential programs. The idea is to allow 529 plan flexibility for trade, vocational, certification, or licensure training, not limited solely to traditional accredited degree programs.

While ATP is not an accredited institution recognized by the Department of Education (and does not issue a Form 1098-T), its training is provided toward Commercial Pilot certification issued by the Federal Aviation Administration (FAA). In substance, the training is analogous to a professional credential program and the certificate issuing authority is the FAA.

Current Status

- Because the new law is recent, the IRS has not yet issued detailed implementing regulations or rulings specifically covering flight schools or FAA certificate programs.
- To mitigate risk of the IRS challenging a distribution, I propose maintaining excellent documentation (pilot logbooks, FAA test score reports, airman certificates, account statements, etc.).
- From a tax planning perspective, this is a reasonable, good-faith interpretation of the new statute until the IRS clarifies it.

Request

Please review the enclosed memo and help assess whether, in your professional judgment, applying 529 funds to the ATP “Airline Career Pilot Program” flight training is reasonably defensible.

Sincerely,

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MEMORANDUM

Date:	10/15/2025
Subject:	Use of 529 Plan Funds for FAA-Approved Pilot Training at ATP Flight School

Purpose

This memo summarizes the legal and tax basis for a good-faith position that 529 plan funds may be applied toward vocational flight training at ATP Flight School under the recently expanded qualified distributions rules in Section 70414 of H.R. 1 (2025).

Statutory Background

Historically, Internal Revenue Code §529 limited tax-free distributions to "qualified higher education expenses" at Title IV institutions accredited by the U.S. Department of Education. This excluded most vocational or licensing pathways not tied to accredited colleges. However, H.R. 1 (2025), Section 70414 amended IRC §529 to expand qualified expenses beyond traditional colleges to now include expenses for "qualified postsecondary credential programs," including vocational training, licensure, certification, and career pathway programs.

> **Text summary reference:**
> "Section 70414 provides that amounts paid for tuition, books, fees, equipment, testing, or credentialing required to obtain or maintain a recognized postsecondary credential may be treated as qualified higher education expenses."

Source: Section 70414, H.R. 1 (2025)
https://www.congress.gov/bill/118th-congress/house-bill/1/text

Supporting interpretation:
https://www.caionline.org/getmedia/44a6c77e-102b-476d-a2db-80e08020045d/PCC-FAQs-on-Expansion-of-529-Plans.pdf

ATP Program Overview

ATP Flight School offers flight training that prepares students for a series of Federal Aviation Administration (FAA) pilot certificates, including:

- Private Pilot Certificate
- Instrument Rating
- Commercial Pilot Certificate
- Multi-Engine Rating
- Certified Flight Instructor (CFI) and Certified Flight Instructor - Instrument (CFII)

These certificates are issued and regulated by the FAA, an agency of the U.S. Department of Transportation. The FAA is the sole federal authority responsible for pilot licensing in the United States. The certificates are earned sequentially, and each is a prerequisite for the next certification.

ATP Flight School "Airline Career Pilot Program" Website:
https://atpflightschool.com/airline-career-pilot-program/

Application to FAA Pilot Training at ATP Flight School

Factor	Alignment with §70414
Recognized Credential	FAA Airman Certificates (Private, Instrument, Commercial) are federally issued professional credentials.
Required Instruction	FAA certification requires logged ground and flight training to meet the Aeronautical Experience Requirements of 14 CFR Part 61 and FAA Airman Certification Standards.
Institutional & Instructor Eligibility	ATP is an FAA-authorized Pilot School, governed by 14 CFR Part 141. Most or all training is delivered under 14 CFR Part 61 by FAA-licensed Certified Flight Instructors (CFIs).
Nature of Program	Career-aligned, federally-licensed, vocational training toward becoming a Commercial Pilot.
Type of Expenses	Tuition, required aircraft time, ground and flight instruction, FAA knowledge tests, FAA practical tests (checkrides), books, and instructional equipment (headset, iPad for electronic charts, flight bag, etc.).

While ATP Flight School is not accredited under Title IV, its instructors are federally credentialed and licensed as Certified Flight Instructors by the Federal Aviation Administration. The resulting licensure is a federally-issued credential required for commercial pilot employment. This aligns with the intent of Section 70414—to expand 529 use to skilled career pathways outside conventional higher education.

Recommendation

Treat ATP training costs as qualified distributions under §529 based on the expanded definition in Section 70414. Limit distributions to:

- Tuition and instructional fees
- Required flight time and simulator charges
- FAA exams & checkrides
- Required books, materials, and equipment

Maintain detailed records to substantiate career credential purpose under FAA regulations.

Conclusion

A defensible, good-faith position exists to apply 529 funds to FAA pilot training at ATP Flight School under the new law, pending future IRS clarification.

ATP Point of Contact

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