



**Barnum Financial Group**

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# Is student loan interest deductible?



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## Answer:

You may be able to deduct all or part of the student loan interest you've paid during the year, assuming you meet the requirements. You may be able to deduct up to \$2,500 each year from your gross income if you've paid interest on a qualified education loan for qualified higher education expenses during the year.

To be eligible for the deduction, your modified adjusted gross income (MAGI) must fall below a threshold figure. For 2017, the deduction begins to phase out as your MAGI exceeds \$65,000 if you're single or \$135,000 if you're married and file jointly. It phases out completely when your MAGI exceeds \$80,000 (\$165,000 for married persons filing jointly). These amounts are indexed for inflation. No deduction is allowed if your filing status is married filing separately.

Generally, a qualified education loan is a debt you incur to pay qualified higher education (undergraduate and graduate) expenses for yourself, your spouse, or a dependent at an eligible educational institution in a program that leads to a degree. The IRS provides specific requirements regarding the definitions of both an eligible educational institution and qualified higher education expenses. To qualify for the deduction, you must have been enrolled in the institution at least half-time at the time of the loan.

If you are claimed as a dependent, you may not take the deduction. If you are a dependent and your parent borrows money to pay for your college tuition, he or she may claim the student loan interest deduction.

For additional details, see IRS Publication 970 and/or consult a tax professional.

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