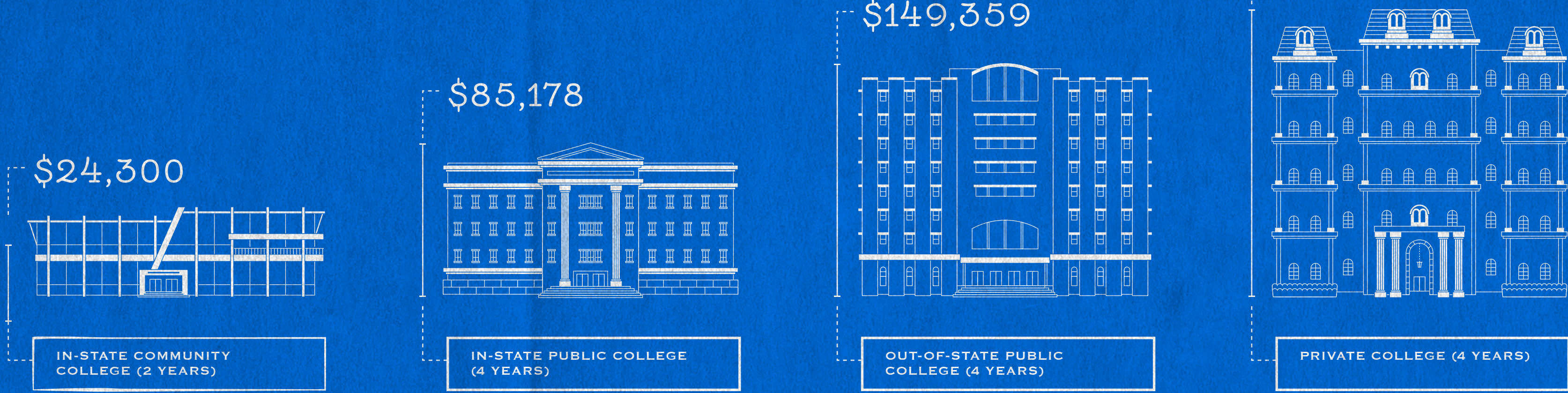


UNDERSTANDING 529 PLANS

WHAT IS A 529 PLAN?

Named after Section 529 of the Internal Revenue Code, 529 plans are investment accounts used to pay for a beneficiary's college expenses and are usually opened many years before the beneficiary reaches college age.

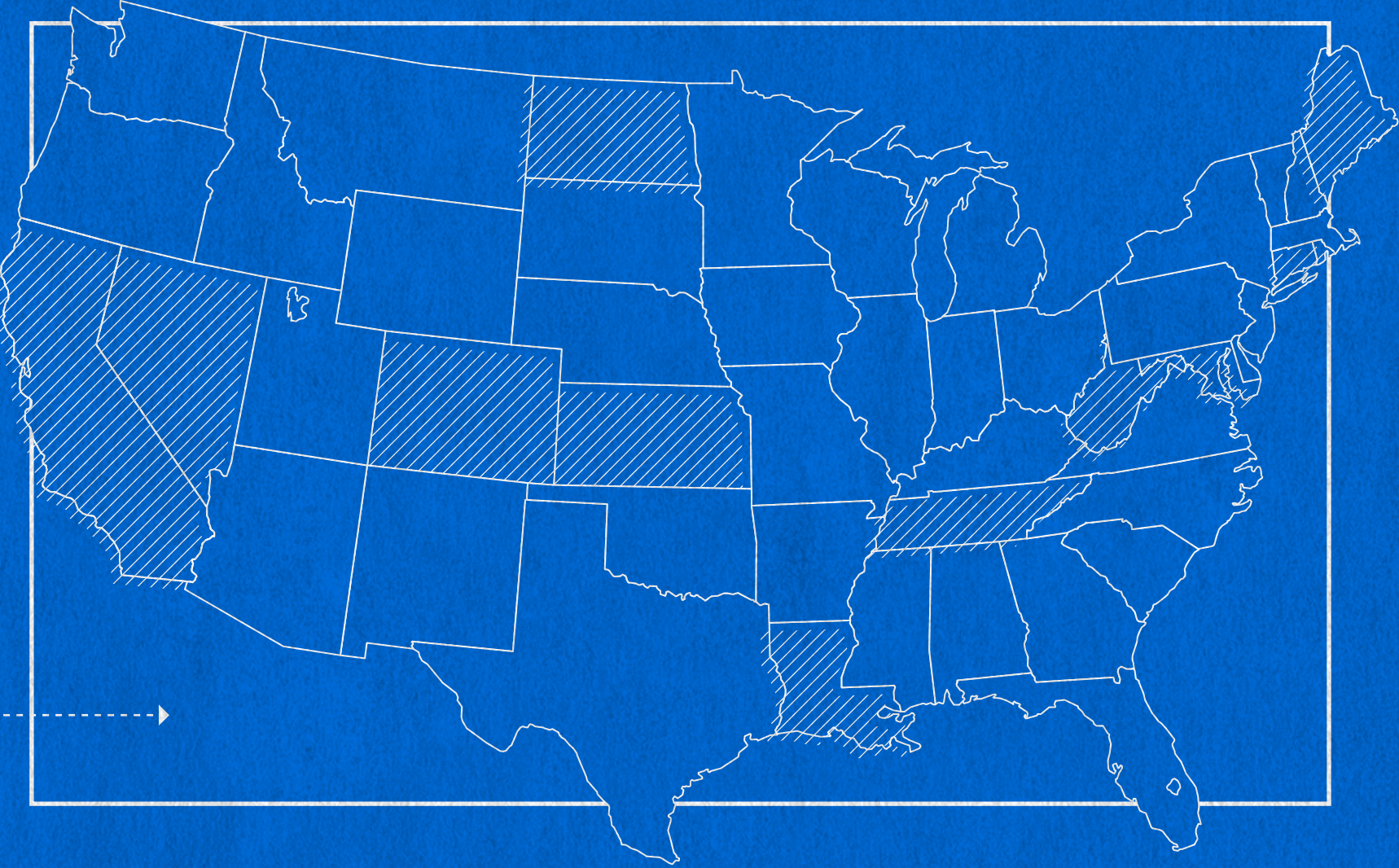
AVERAGE COLLEGE TUITION & FEES



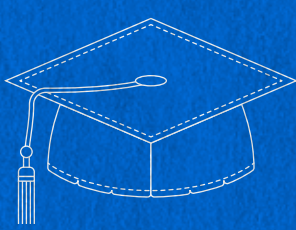
529 ACCOUNTS IN THE US
13 MILLION
ASSETS HELD IN STATE-SPONSORED 529 ACCOUNTS
\$318.7 BILLION
AVERAGE INVESTMENT IN A SINGLE 529 PLAN
\$24,057

STATES THAT OFFER 529 PLAN GRANTS:

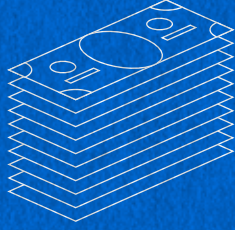
- CALIFORNIA
COLORADO
CONNECTICUT
KANSAS
LOUISIANA
MAINE
- MARYLAND
NEVADA
NORTH DAKOTA
RHODE ISLAND
TENNESSEE
WEST VIRGINIA



WHAT'S COVERED



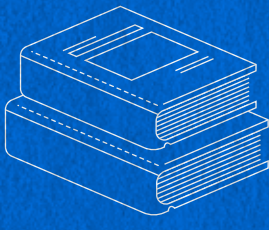
TUITION



FEES OR EXPENSES



ROOM & BOARD

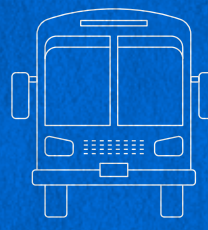


TEXTBOOKS

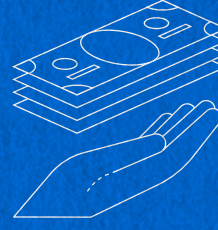
WHAT'S NOT



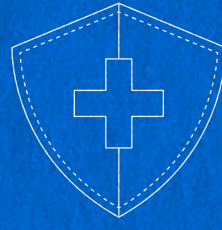
CLOTHING



TRANSPORTATION



STUDENT LOANS



HEALTH INSURANCE

TYPES OF 529 PLANS

PREPAID PLANS



Purchase tuition credits at today's rates to be used in the future



Administered by states or higher education institutions

10 STATES PROVIDE PLANS:

FLORIDA
MARYLAND
MASSACHUSETTS
MICHIGAN

MISSISSIPPI
NEVADA
PENNSYLVANIA
TEXAS

VIRGINIA
WASHINGTON

SAVINGS PLANS



Growth based upon market performance of the underlying investments (usually mutual funds)



Offers variety of age-based asset allocation options where underlying investments become more conservative as the beneficiary gets closer to college age



Administered by states only

ADMINISTRATIVE SERVICES ARE DELEGATED TO MUTUAL FUND COMPANIES OR OTHER FINANCIAL SERVICES COMPANIES

TAX INCENTIVES



Earnings are tax free in all states



Must be used for covered expenses



Tax deduction and credits in many states



Principal can never be taxed



Non-qualified purchases are taxed plus 10% penalty applies

SOURCES:

<http://www.collegesavings.org/college-cost-calculator/>

<https://www.pewtrusts.org/en/research-and-analysis/articles/2019/10/09/use-of-529-plans-rising-along-with-revenue-impact>

<https://www.savingforcollege.com/article/states-that-offer-529-plan-grant-programs>

<https://www.savingforcollege.com/intro-to-529s/what-is-a-529-plan>

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