



Save for College with a 529 PLAN

To avoid excess student loan debt, it's important to prepare for college expenses. A 529 plan is a tax-advantaged college savings plan, and a great option for families to save for their child's education well in advance.

What is a 529 Plan?

- Named after Section 529 of the Internal Revenue Code, 529 plans are run by state and educational institutions, allowing parents to save funds tax-free.
- There are two kinds of 529 plans.

Types of 529 Plans

Prepaid Tuition Plans:

- Let a saver purchase credits at participating colleges and universities for future tuition.
- Usually, public and in-state schools participate.
- Account holders can buy fees at current prices for their child/beneficiary.
- These fees do **not** cover costs for future room & board.
- Check if your state government guarantees the money paid in the event of a financial shortcoming.

College Savings Plans:

- Let account holders open an investment account to save for future education costs.
- These plans are generally covered at most colleges and universities.
- Tuition, fees, and room & board are covered expenses.
- College savers can choose a variety of investment options.
- Choosing what type of funds to invest in is up to the saver.

Considerations

- While 529 plans allow tax-free college savings, there are **associated fees**. Enrollment/application fees, maintenance fees, broker fees, etc. may apply.
- 529 plans also come with **restrictions**. Investments and withdrawals are monitored with limitations to allow accounts to grow.