

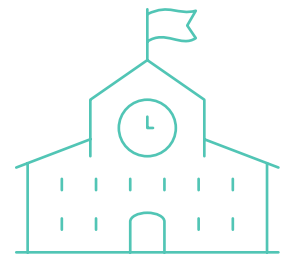
A Great Way to Save For Your Child's College Future

How Saving in a 529 Plan Today Can Help You Afford Tomorrow's Higher Education Expenses

Saving for your child's college education can seem daunting. But don't feel discouraged—529 college savings plans are designed to help you get there. If you're considering saving money in a regular savings account because you think 529s are too complicated, a couple of facts might surprise you.

Did you know that you can set up most 529s online? The process typically follows a few basic steps—choose a 529 plan, visit the plan website, open the account, choose your investments and finish your application.

Did you also know that, on average, a bank savings account pays an interest rate of only about 0.01%? That means the money you're putting away for your child's education would earn virtually nothing. A 529 plan, on the other hand, offers tax-free growth potential for your savings based on financial market performance. If you start saving early and consistently, your goals may be within reach.



\$23,250

Did you know the average annual cost of tuition for a public four-year in-state university is \$23,250¹



Saving Is a Marathon, Not a Sprint

Small, consistent contributions to a 529 can make a big difference in how much you could save when college—or whatever path your child takes—comes into view.

Let's say you contribute \$250 per month for 18 years.
Assuming 7% investment growth,
your \$250 contributions might grow to \$107,680.

¹ CollegeBoard, *Trends in College Pricing and Student Aid*, 2022

529 Plans and Their Benefits

What else makes a 529 special? The money your account makes from the underlying investments is tax-free if you use it for a qualified educational expense like tuition, room and board, books or supplies.² Not only that but anyone can open or contribute to a 529, and the money you contribute is invested and grows with the market allowing you to build your child's college nest egg.

While there are costs associated with a 529 plan, the amount you pay may vary based on the plan you choose. And if you decide to withdraw your 529 savings for something other than a qualified educational expense, you'll have to pay taxes on the money the account earned while you were saving, as well as an additional 10% penalty.

Finding the Right 529 Plan

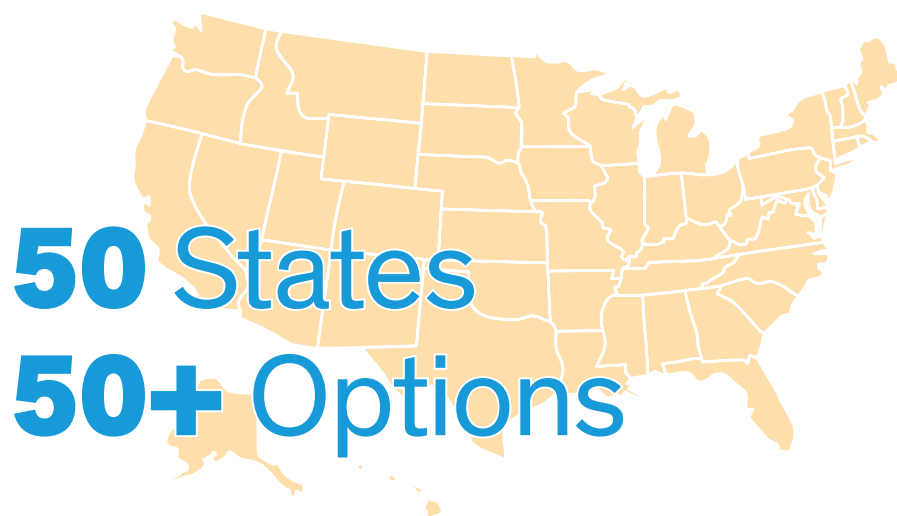
Every state in the US offers one or more 529 plans run by an investment manager—that means you have more than 50 options to select from. You can explore 529s by state, performance, ratings or the fees they charge on websites like [savingforcollege.com](https://www.savingforcollege.com). Choose the one that best fits your needs.

You can even invest in more than one 529 plan if you choose. And depending on your state of residence and 529 plan, your contributions may be eligible for a state tax deduction or credit.



What is a 529 Plan?

529 plans are tax-advantaged college-savings plans designed to encourage savings for future higher education costs.²



² The availability of such tax or other benefits may be conditioned on meeting certain requirements.

Choosing Your Investments

Most 529 plans offer age-based investment options that automatically change over time, which can help ensure your child's account is appropriately invested over time.

First, enter your child's age and then choose your investments. You may also have the ability to choose your risk tolerance to further customize your investment strategy. The investment mix automatically—and gradually—becomes more conservative as your child gets closer to college age. And then, of course, you may have the ability to select your own customized investments. As with all investment options, there is potential for your account value to go down.

Adjusting for Scholarships or Financial Aid

Explore all available scholarships and financial aid available to your child. When it comes to scholarships, 529s don't affect merit-based scholarships or the amount your child qualifies for. However, your 529 savings may affect need-based financial aid depending on the account holder.

What if my child decides not to go to college?

Don't worry, the money is still yours. If your child doesn't go to college, you only pay tax on the earnings generated by the money in the account. You can also change the beneficiary on your child's account or transfer your balance from one 529 to another (restrictions may apply).

Here are a few other examples of where you can use your 529 account balance aside from a traditional four-year college.

- Elementary or Secondary Schools
- Trade Schools
- Vocational Schools
- Community or Technical Colleges
- Graduate Schools

Types of Covered Expenses

529 plans cover a variety of higher-learning expenses otherwise known as qualified educational expenses. Here is a sample list. For an official list, please visit the IRS website.



Tuition and fees



On or off-campus housing



Special needs equipment



Books and supplies



Computers and software



Student loan repayment

Back to School— A College Savings Checklist



Choose a 529 plan and visit the plan's site to set up your child's account.



Pick your investment option(s). Most plans have age-based/risk-based options, so all you have to do is put in your child's date of birth and choose the level of risk you're comfortable with.



Finish your application.



Check on your account periodically, and pat yourself on the back for saving for your child's future!

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