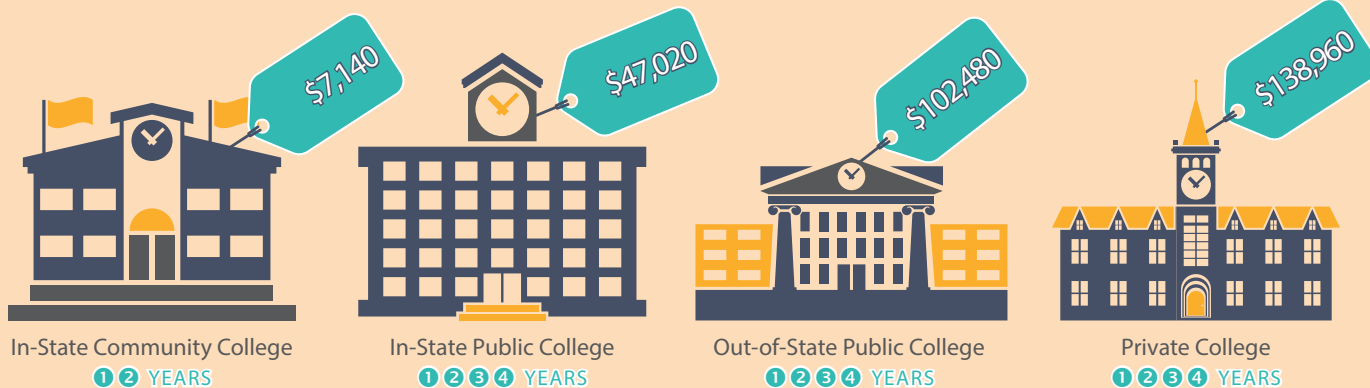


529 PLANS

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



108

NUMBER OF 529 PLANS IN THE U.S.

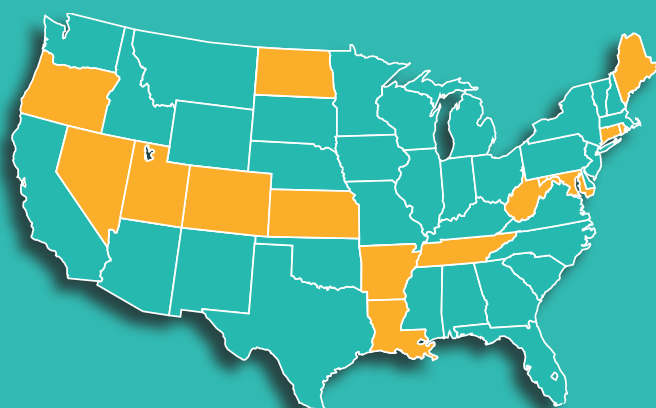
\$328.9 BILLION

ASSETS HELD IN 529 ACCOUNTS IN 2018

\$24,150

AVERAGE INVESTMENT IN A SINGLE 529 PLAN

STATES THAT PARTIALLY MATCH CONTRIBUTIONS FOR LOW INCOME FAMILIES:



- ARKANSAS
- COLORADO
- CONNECTICUT
- KANSAS
- LOUISIANA
- MAINE
- MARYLAND
- NEVADA
- NORTH DAKOTA
- OREGON
- RHODE ISLAND
- TENNESSEE
- UTAH
- WEST VIRGINIA

WHAT'S COVERED

- Tuition
- Fees or Expenses
- Room & Board
- Textbooks

WHAT'S NOT

- Clothing
- Personal Items
- Bedding
- Food

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:

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