EDUCATION PLANNING

help make college dreams come true

it's never too soon to start planning

Whether the child in your life is 13 years old, 10 months old, or due any day, it's never too soon to start planning. Thinking about the costs involved in a child's education can be overwhelming, but the earlier you begin saving, the longer your money can work for you. Making prudent investment decisions can also make a big difference.

Help Make College Dreams a Reality

Once upon a time, college was a dream some parents had for their children and a goal youngsters might have for their future. That was then. Today, college isn't just a dream; it's practically a requirement. A bachelor's degree can mean an income as much as 70% higher than that of someone with only a high school diploma, an advantage that *Money* magazine estimates translates to an additional $1 million in lifetime earnings.

Unfortunately, this greater earning potential is coming with an ever-increasing price tag. Today, the four-year cost of many private colleges is well over $100,000, according to the College Board, and by the year 2020, the cost of a four-year education could be more than $210,000 for a private school and almost $160,000 for a public school.

A college education for your child or grandchild is still attainable, but it is not automatic. The good news is, there are strategies that can help make it happen.

Education Planning Tools

Although the obstacles may seem numerous, there are ways to begin saving for a college education. Today, education savings vehicles are plentiful and diverse, with a broad range of tax benefits and consequences, financial aid implications, contribution limits, and asset flexibility.

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529 Plans

A 529 plan* is an investment plan operated by a state, designed to help families save for future college costs. As long as the plan satisfies a few basic requirements, the federal tax law provides special tax benefits to the plan participant. There also may be state tax deduction benefits depending on your state's plan. If you choose to invest in a 529 plan, you are not restricted to just the plan offered by your own state. However, there may be state tax implications for selecting another state's plan.

One of the key advantages of a 529 plan is the unsurpassed income tax breaks on the non-deductible contributions. Any earnings grow tax-free for as long as the money stays in the plan. And when the plan makes a distribution to pay for the beneficiary's college costs, the distribution is federal tax-free as well.

Another major advantage is that the account holder stays in control of the assets in a 529 account. The named beneficiary has no rights to the funds. In fact, the account holder has the flexibility to change beneficiaries at any time, but only once per year. The account holder decides when withdrawals are taken and for what purpose. Most plans even allow account holders to reclaim the funds for themselves any time they desire. However, earnings will be subject to income tax and an additional 10% penalty on non-qualified withdrawals.

In addition to these benefits, 529 plans are one of many ways to save for college. Once you decide on a plan, the assets are professionally managed either by the state treasurer's office or by an outside investment company. And everyone is eligible to take advantage of these plans—there are generally no income limitations or age restrictions.

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*As with all tax-related decisions, consult your tax advisor. Withdrawals for expenses other than qualified education expenses are subject to income tax and an additional 10% penalty on earnings. You should consider a 529 plan's fees and expenses such as administrative fees, enrollment fees, annual maintenance fees, sales charges, and underlying fund expenses, which will fluctuate depending on the 529 plan invested in and the investments chosen within the plan. You should also consider the inherent risks associated with investing in 529 plans such as investment return and principal fluctuation, which will also vary based on the investments made within the plan. More information is available in each plan's official statement. The official statement should be read carefully before investing.

By investing in a 529 plan outside of the state in which you pay taxes, you may lose any tax benefits offered by the state's plan. Consider before investing whether your or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such states' qualified investment plan.

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Coverdell Education Savings Accounts

A Coverdell Education Saving Account is an IRA especially designed for education costs. This custodial account enables you to contribute up to $2,000 per beneficiary per year of earned income after tax. Income limitations may apply. Earnings may be withdrawn tax-free for qualified educational expenses, from elementary school through college. The investor chooses the investment options. This type of account is an ideal savings tool for primary and secondary education in private schools.

Education Planning Raises Many Questions

- What will he be when he grows up?
- Where will she go to school?
- Will they be the first in the family to attend college?

The most important thing you can do to secure a child's educational future is to start planning today. Your financial consultant knows the questions to ask and has the answers you need.

Why wait? Schedule a free, no-obligation appointment today, and make the college dream a reality.

Not FDIC/NCUA Insured	Not Bank/Credit Union Guaranteed	May Lose Value
Not a Bank/Credit Union Deposit	Not Insured by Any Federal Government Agency	

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