



What's a 529 plan?

Enabled by congress in 1996, a 529 plan is a tax-advantaged investment plan offered by 49 states and the District of Columbia which offers tax advantages and potentially other incentives to encourage saving for college.

There are two types of 529 plans: savings plans, which are the most popular, and prepaid tuition plans.

Savings plans feature investment options with a goal of significantly growing the value of the plan over time. The increased value can be used tax free for qualified higher education expenses.

Prepaid tuition plans offer the pre-purchase of tuition based in part on the price of tuition today.

What's the primary advantage of a typical 529 plan?

Earnings are not subject to federal tax and generally not subject to state tax when used for the qualified education expenses of the designated beneficiary, such as tuition, fees, books, as well as room and board. In addition, many states offer an annual tax benefit for contributions made by state residents to a state plan.

At what schools can 529 plan funds be used?

Typically, the funds in a 529 savings plan can be used at any college in the United States – not just in the state which administers the plan – and accredited trade and technical schools.

How do I open a 529 Plan?

529 plans can be opened either directly through the state website ('direct sold' plans) or through a financial advisor or broker selected by the state ('advisor-sold' plans). Some states offer multiple plans.

Can I open a plan online?

Yes, many plans offer online enrollment.

How much does it cost to open a plan?

Many plans can be opened for as little as \$25.



Does LEAF make plan recommendations?

LEAF does not provide financial advice or promote any particular plan.

What resources are available to me to learn more about 529 plans?

There are many good online resources that provide information about saving for college and specifically about 529 plans. Here are a few that should be at the top of your list:

- The College Savings Plan Network, or CSPN, is a non-profit affiliate of the National Association of State Treasures. Their website is excellent and easy-to-use, particularly the Getting Started section and the 529 Plan comparison tool. (<http://www.collegesavings.org>)
- The U.S. Department of Education offers a broad resource including information about grants and scholarships. The Department's Federal Student Aid website provides additional information for many specific groups, such as children of military families. (<http://www.ed.gov>)
- If you or your child is getting closer to applying for college, College Parents of America features several slide shows about financial aid and the process of applying for aid. (<http://www.collegeparents.org>)

Finally, don't forget to check out your own state's 529 website!