



FELLOWS

A Guide to 529 Plans

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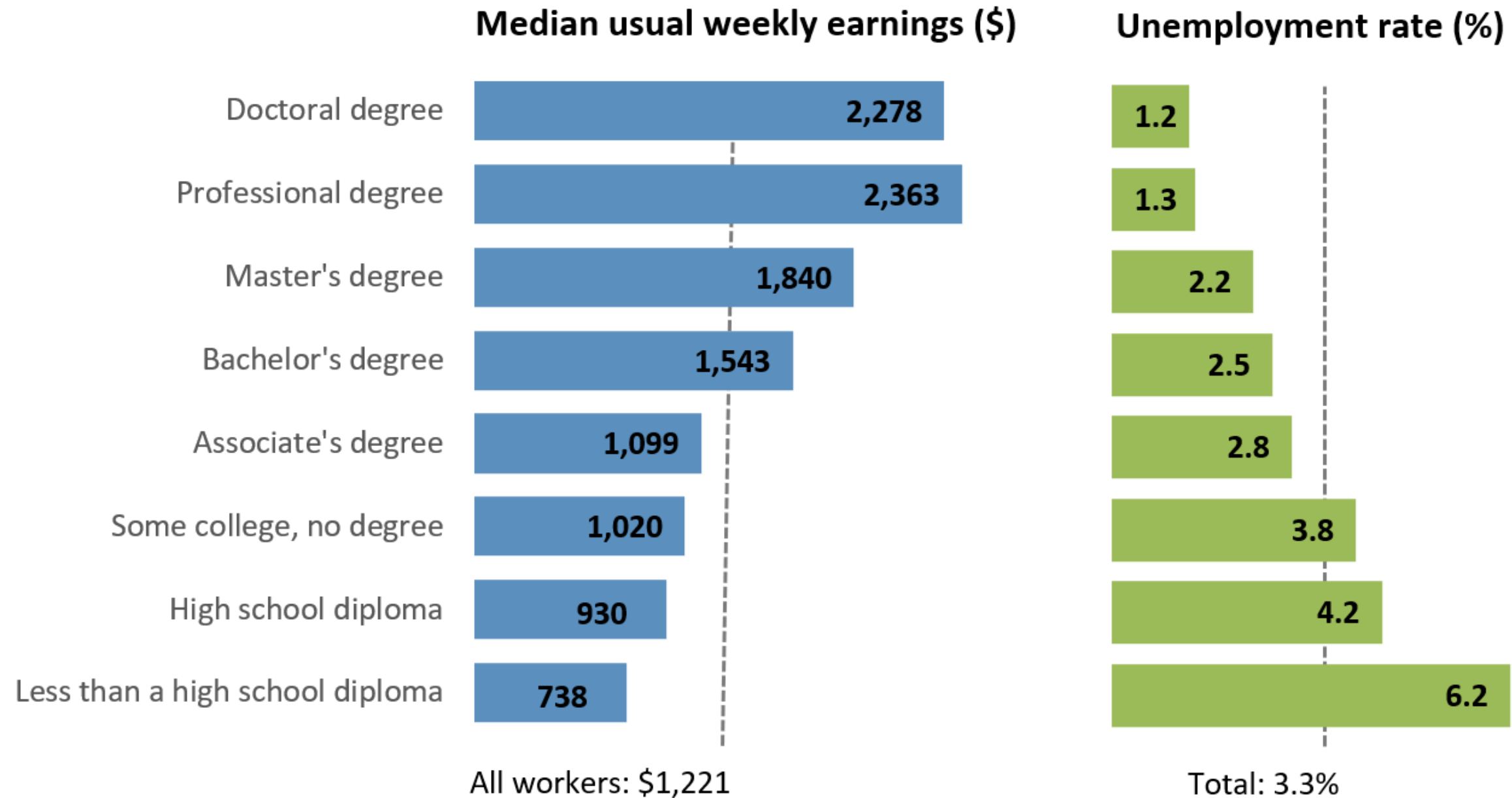
Today's Agenda

- Understanding 529 Plans
- Tax Benefits & Savings Strategies
- Comparing Education Savings Options
- Next Steps & Questions

FELLOWS

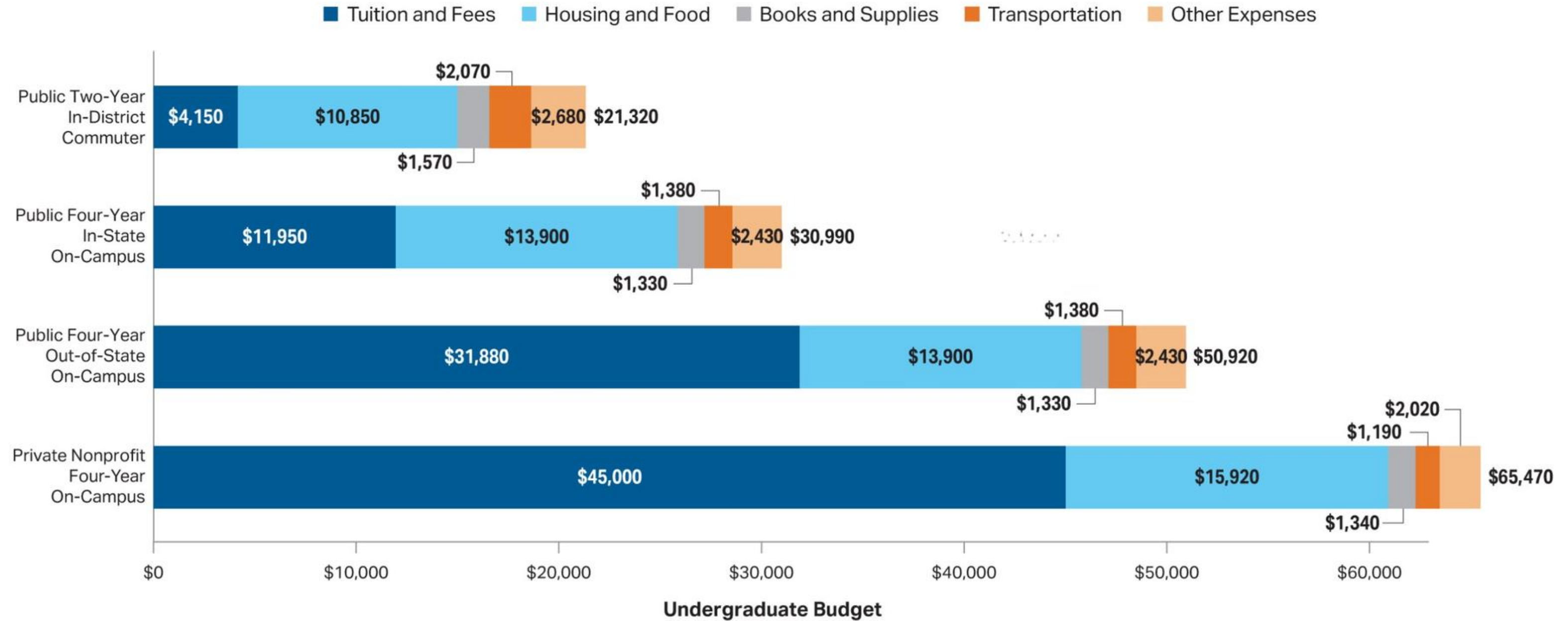


Average Earnings & Unemployment by Education



Source: U.S. Bureau of Labor Statistics, 2024

2025–26 Average Undergraduate Costs



Source: College Board, Trends in College Pricing and Student Aid 2025

A decorative border of black graduation caps with gold tassels is scattered around the edges of the slide. The caps are shown from various angles, some facing forward, some from the side, and some from the back, creating a sense of movement and celebration.

What Is a 529 Plan?

A tax-advantaged savings plan designed to help families save for future education expenses.

More Than College Savings

- Trade & Technical Schools
- Apprenticeship Programs
- Certification Programs
- Certain K-12 Expenses



Two Types of 529 Plans

Prepaid Tuition Plans

Lock in tuition costs at participating schools

Education Savings Plans

Save and invest for future qualified education expenses





Features of a 529 Plan

- Flexible Education Uses
- High Contribution Limits
- Professionally Managed Investments
- Account Owner Control
- Flexible Beneficiary Options

529 Tax Advantages

- Tax-Free Growth & Withdrawals
- State Income Tax Deductions or Credits
- Gift Tax Benefits
- Estate Planning Benefits



529 Plan Roles

- Account Owner
- Beneficiary
- Successor Owner
- Authorized Individual(s)
- Financial Professional or Custodian
- Trust or Entity Ownership Options



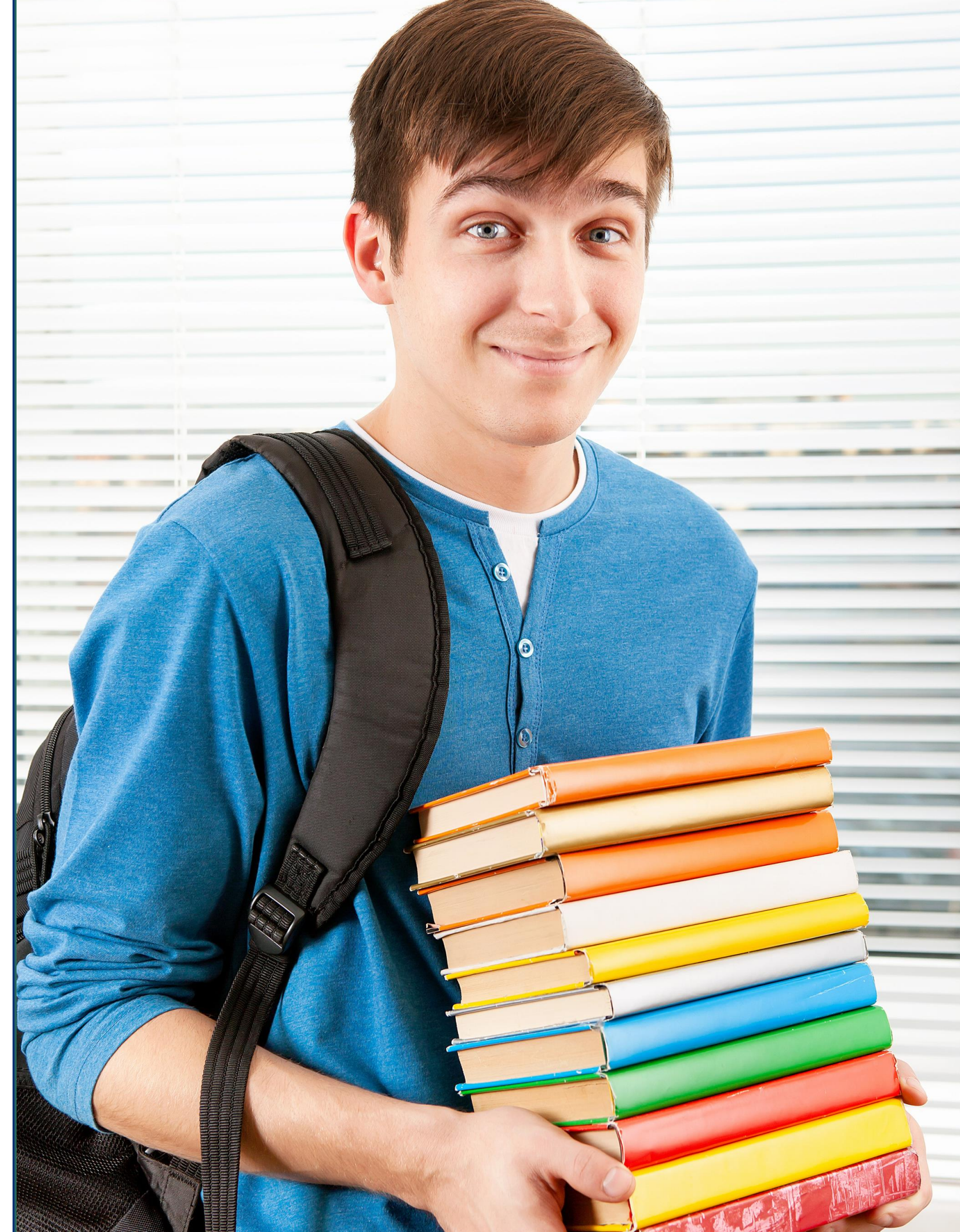
529 Contributions

- Who Can Contribute?
- Contribution Limits
- Tax Considerations
- Ways to Contribute



Qualified Expenses

- Tuition & Fees
- Room & Board
- Books & Supplies
- Technology Expenses
- Apprenticeship Programs
- Student Loan Repayment



Distribution Rules

- Payment Options
- Timing Rules
- Recordkeeping
- Non-Qualified Withdrawals
- Taxes & Penalties



State-Specific 529 Plans

- State Tax Benefits
- In-State Plan Advantages
- Nationwide Plan Availability
- Contribution Rules & Tax Considerations



Out-of-State 529 Plans

- Expanded Investment Options
- Competitive Performance & Fees
- State Tax Benefits May Not Apply
- No Residency Requirement
- Flexible Nationwide Use
- Unique Plan Features



Maximizing a 529 Plan

- Start Saving Early
- Contribute Consistently
- Take Advantage of Available Tax Benefits
- Explore Employer Contribution Programs
- Encourage Gifts from Family & Friends
- Invest Based on Your Timeline & Goals
- Continue Planning Beyond Enrollment



Additional 529 Flexibility

- Student Loan Repayment Options
- Expanded K-12 Education Uses
- Updated Grandparent-Owned 529 Rules
- 529-to-Roth IRA Rollover Opportunities



529 Roth Rollovers

- 15-Year Account Requirement
- \$35,000 Lifetime Limit
- Annual Roth Limits Apply
- Beneficiary Must Have Earned Income
- Recent Contributions Generally Excluded



Key 529 Considerations

- Investment returns are not guaranteed
- Tax laws and plan rules may change
- Non-qualified withdrawals may trigger taxes or penalties
- State tax treatment varies
- Review your strategy regularly



Beyond 529 Plans

Exploring additional education savings
strategies



Coverdell ESAs

- Tax-Advantaged Growth
- K-12 & Higher Education Uses
- Contribution Limits




ESA Considerations

- Income Limits
- Age Restrictions
- Distribution Deadlines
- Family Transfers Allowed



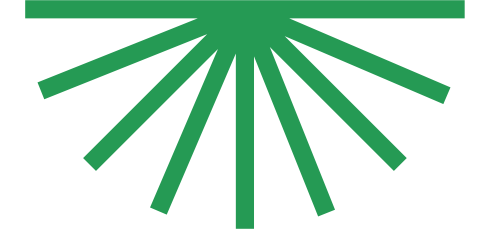


Custodial Accounts

- Potential for Long-Term Growth
 - Contributions Can Be Made by Others
 - Funds May Be Used for a Variety of Expenses
 - Contribution Limits & Gift Tax Rules Apply
 - Investment Fees and Options Vary
 - Investment Earnings May Be Taxable
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Roth IRAs

- Potential for long-term growth
- Contributions can be withdrawn tax- and penalty-free
- Funds can be used beyond education
- Using retirement funds for college may impact retirement savings
- Contribution limits apply
- Income limits may apply to contributors




Brokerage Accounts

- No Income or Contribution Limits
- Full Investment Flexibility
- Funds Can Be Used for Any Purpose
- Investment Earnings May Be Taxable
- No Education-Specific Tax Advantages





Insurance Strategies

- No Income or Contribution Limits
 - Access to Cash Value for Multiple Needs
 - Potential for Tax-Deferred Growth
 - Some Policies May Offer Downside Protection
 - Funds May Be Accessible During Lifetime
 - Tax Treatment Depends on Policy Structure
 - May Provide Insurance Protection Benefits
- 

Comparing Education Savings Strategies

ACCOUNT TYPE	TAX-EXEMPT GROWTH	NO ACCOUNT OWNER INCOME LIMITS	NO ANNUAL CONTRIBUTION LIMITS	PARENT ASSET IN FINANCIAL AID FORMULA
529 Education Savings Plan	✓	✓	✓	✓
529 Prepaid Tuition Plan	✓	✓	✓	✓
Coverdell Education Savings Account (ESA)	✓	✗	✗	✓
UGMA/UTMA (Custodial Account)	✗	✓	✓	✗
Roth IRA	✓	✗	✗	✓
Investment (Brokerage) Account	✗	✓	✓	✓

What If Education Plans Change?

- Change the Beneficiary
- Explore Roth IRA Rollovers
- Use Funds for Other Qualified Expenses
- Maintain Flexibility with Other Accounts
- Review Withdrawal Options Carefully



Education Line of Credit

- Apply once for flexible education funding through USSFCU*
- Available for undergraduate and graduate programs
- Flexible repayment options while in school
- No origination or prepayment fees
- Competitive rates from a trusted credit union



Explore options at ussfcu.org/student



Next Steps for Families

- Start early and save consistently
- Compare options based on your goals
- Review your strategy regularly
- Encourage family contributions
- Plan ahead for future costs
- Seek professional guidance



Questions or Ready to Start Planning?

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Schedule a Virtual One-on-One

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