

Ten Reasons to consider a 529 Plan from Robin S. Weingast & Associates

Every year, millions of families save for college using 529 college savings plans, which offer distinct advantages. Check out 10 reasons why a 529 plan may be for you, and contact The Robin S. Weingast & Associates team who can help you take the first step!

#1: Tax-free growth

In a 529 college savings plan, investment earnings grow tax free, unlike many other investment options.

#2: Tax-free withdrawals

When used for qualified higher education expenses including tuition, fees, and (generally) room & board, withdrawals are exempt from federal taxes.

#3: Potential State Perks

States may offer tax breaks & other incentives (scholarships to state colleges, matching grants) with a 529 savings plan.

#4: No income restrictions

Even high-income individuals can contribute to a 529 plan and enjoy the tax benefits.

#5: You are in control

The 529 account is controlled by the person who opens the account, not the student.

#6: You can reclaim the funds

With most plans, the account owner can reclaim the funds for your own use although you will be taxed.

#7: You can change beneficiaries

If the original beneficiary chooses not to attend college, you can name another family member as the beneficiary.

#8: Unique gift tax advantages

529 savings plans have a special rule allowing you to combine 5 years' worth of annual gift tax exclusions & contribute up to \$70,000 (\$140,000 if married & filing jointly) per beneficiary annually without incurring the federal gift tax or reducing the amount you can exclude from your estate. This benefit should be discussed carefully with your financial advisor.

#9: Low impact on financial aid

529 savings are generally treated more favorably than traditional savings accounts in a student's name, when considering financial aid eligibility.

#10: Bankruptcy protection

Typically, 529 savings plan assets are protected from creditors, pending your relationship to the beneficiary (child, step-child, grandchild, step-grandchild).