

WealthMark Advisory Services

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College Savings Vehicles Compared





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	529 plans	Coverdell ESA	U.S. savings bonds	Custodial account
Participation restrictions	No, though state-run prepaid tuition plans are generally limited to state residents	Yes, income limit for contributions and \$2,000 maximum annual contribution per child	No, but ability to exclude bond proceeds from federal income tax depends on income	No
Control of underlying investments	No	Yes	Yes	Yes
Federal tax-free withdrawals if funds are used for qualified education expenses	Yes (withdrawals may also be exempt from state income tax, depending on state law)	Yes (withdrawals may also be exempt from state income tax, depending on state law)	Yes, but income limits and other requirements must be met (bond proceeds are generally exempt from state income tax)	No
Penalty if funds are not used for qualified education expenses	Yes, a 10 percent federal penalty applies to the earnings portion of all nonqualified withdrawals (a state penalty may also apply)	Same as 529 plans	No, but the bond proceeds won't be exempt from federal income tax	No, but withdrawals from the account can only be made for the child's benefit
Federal financial aid treatment (student assets are weighed more heavily than parent assets)	Parent asset, if parent or student is account owner, or if 529 plan was funded with custodial account funds	Parent asset, if parent is account owner	Parent asset, if parent is owner of bonds	Student asset
Fees and expenses	College savings plan: typically an annual maintenance fee, administration fees, and investment expenses based on a percentage of total account value Prepaid tuition plan: typically an enrollment fee and various administrative fees	There may be fees associated with opening and/or maintaining an account, depending on financial institution	No fees or expenses, except for the possibility of brokerage fees if bonds are purchased through a broker	There may be fees associated with opening and/or maintaining an account, depending on financial institution

Note: Investors should consider the investment objectives, risks, charges and expenses associated with 529 plans before making an investment. More information about 529 plans is available in the issuer's official statement, which should be read carefully before investing.



investing. Also, before investing, consider whether your state offers a 529 plan that provides residents with favorable state tax benefits.

The availability of the tax or other benefits mentioned above may be conditioned on meeting certain requirements. U.S. Savings Bonds are guaranteed as to the payment of principal and interest. The remaining types of college savings vehicles are not guaranteed (except for 529 prepaid tuition plans) and are more risky.

IMPORTANT DISCLOSURES

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. The information presented here is not specific to any individual's personal circumstances.

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