College Savings Program Comparisons

	529 Plan	Coverdell Education Savings Account	UGMA/UTMA Custodial Account
Income Limits	No limits.	Ability to contribute is phased out for individuals with incomes between $95,000 and $110,000 and for married couples with incomes between $190,000 and $220,000.	No limits.
Beneficiary Age Limit	All ages are eligible.	18 (for new contributions)	18 (in most states)
Maximum Annual Contribution Per Beneficiary	High contribution limits which vary by plan. $14,000 annually or $70,000 per five-year period without gift tax.[1]	$2,000 per year per beneficiary (nondeductible)	No Limit (If contribution is greater than $14,000, then gift tax issues may arise.)
Federal Income Tax Treatment	Earnings grow on a tax-deferred basis. Qualified withdrawals are tax-free. (State tax treatment may differ)	Earnings grow on a tax-free basis. Qualified withdrawals are also tax-free. Balances remaining on the date the beneficiary attains age 30 will be distributed within 30 days of such date.	If minor is under age 19: The first $1,000 bears no tax; amounts of $1,000 to $2,000 are taxed at the child's rate; and amounts exceeding $2,000 are taxed at the parent's top marginal rate. If the child is 19 or older: All funds are taxed at the child's rate.
Control	The account owner (not the beneficiary) maintains control over assets, withdrawals, and beneficiary changes.	Beneficiary may assume control at age of majority (18 in most states).	Beneficiary may assume control at age of majority (18 in most states).
Ability to Change Beneficiary	Yes, provided the funds are not from a custodial account.[3]	Yes, to another qualified family member under age 30.[3]	No
Uses	Higher education expenses, such as tuition, books, and room and board.	Education expenses, such as tuition, fees, special needs services, academic tutoring, supplies, books, equipment, room and board (must be at least half-time student), uniforms, transportation, educational computer technology, or equipment and Internet access at an eligible education institution (K-12 and post-secondary).	Any use that benefits the child.
Investment Flexibility	Assets can be changed among funds one time per calendar year or upon change of beneficiaries. Investment choices limited by plans selected.	Assets can be changed at any time, and there are numerous investment choices.	Assets can be changed at anytime. However, each trade typically is a taxable event. There are numerous investment choices.
Financial Aid Formula[2]	Attributes account assets to the account owner (which is typically not the student).	Attributes account assets to the student.	Attributes account assets to the student.
Non-Qualified Withdrawal Penalties	Ordinary income taxes and 10% IRS penalty on earnings.	Ordinary income taxes and 10% IRS penalty on earnings.	Not applicable.
Rollovers	Yes. Rollovers are allowed once every 12 months or upon change of the beneficiary.	Yes. Allowed once every 12 months.	Not applicable.

[1] Individuals can contribute up to $70,000 ($140,000 married filing jointly) per beneficiary, once within a five-year period without triggering gift taxes. Generally, the account holder does not include the account in his or her estate.

[2] Generally, a student's need for federal financial aid is determined by the difference between the cost of attendance at the educational institution (including tuition, fees, books, and room and board) and the student's Expected Family Contribution (EFC). Each year, the EFC formula expects the student to use 35% of their assets toward college, while parents are expected to use 5.6% of their assets. The 529 College Savings Plan is considered an asset of the account owner, not the beneficiary. Calculations may vary with private institutions.

[3] The beneficiary can be changed at any time, but only to a member of the family of the former beneficiary as defined in the Code.

The information above is taken from sources believed to be reliable, however, is not guaranteed. You should consult with your tax professional regarding taxation issues in conjunction with your particular situation.

Investors should consider carefully the investment objectives, risks, and charges and expenses associated with a 529 College Savings Plans before investing or sending money. The official program offering statement, which includes this information, is available from your Financial Advisor and should be read carefully before investing. The value of a 529 College Savings account may fluctuate, and there is no guarantee that any investment portfolio will achieve the stated goal. Your investment may be worth more or less than its original value.

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