How to open and invest in a 529 plan

529 plan do's and don'ts

- Consider how your investments will be structured inside the 529 plan account.
- It's important to consider the time you need to access the funds and to whom the distributions will be made.
- Only consider investments made directly through a state to be qualified for the state's 529 plan. If the investment is not made directly through a state, the benefit of the plan is lost.
- For the student to have control over the fund, the student must be set up as the owner of the plan account.
- Your investment contributions qualify for the state's 529 plan tax deduction.
- Avoid using the 529 plan’s investments for non-qualified education expenses. In addition to paying for college tuition, 529 plan funds can now be used to pay for K-12 expenses, which are not qualified expenses.

Key 529 plan options

- **Contributions are flexible**
  - You can contribute funds to a 529 plan at any time.
  - Contributions can be made in any amount and in any time frame.
  - Contributions can be made from any source of income.

- **Ownership is flexible**
  - Ownership of the 529 plan can be transferred to another relative of the original beneficiary without tax consequences.
  - Ownership of the 529 plan can be transferred to the original beneficiary at any time.

- **Accounts are transferable**
  - You can transfer ownership of the 529 plan to another relative of the original beneficiary.
  - You can transfer ownership of the 529 plan to the original beneficiary at any time.

- **Distributions made from a 529 plan are generally tax-free for qualified education expenses**
  - Distributions made for K-12 tuition are tax-free for qualified education expenses.
  - Distributions made for K-12 tuition cannot be used for expenses other than tuition.

- **Funds for another reason, such as a scholarship**
  - The beneficiary of the 529 plan can be changed to another relative of the original beneficiary without tax consequences.
  - The beneficiary of the 529 plan can be changed to the original beneficiary at any time.

- **Contributions to an established 529 plan account; friends and other family members can make contributions**
  - Contributions can be made from any source of income.
  - Contributions can be made at any time.
  - Contributions can be made in any amount.

- **Types of plans:**
  - **Advisor-sold plans**
    - Advisor-sold plans are available in all states and are offered by various financial institutions.
    - Advisor-sold plans are available in all states and are offered by various financial institutions.
  - **Direct-sold plans**
    - Direct-sold plans are available in all states and are offered by various financial institutions.
    - Direct-sold plans are available in all states and are offered by various financial institutions.

- **Enrollment options:**
  - **Prepaid tuition plans**
    - Prepaid tuition plans are available in all states and are offered by various financial institutions.
    - Prepaid tuition plans are available in all states and are offered by various financial institutions.
  - **Savings plans**
    - Savings plans are available in all states and are offered by various financial institutions.
    - Savings plans are available in all states and are offered by various financial institutions.

Adding a 529 plan to your existing strategy

- **States vs. age-based strategy**
  - States offer age-based 529 plans, which allow investors to select a specific future year for when the funds will be needed.
  - Age-based 529 plans allow investors to select a specific future year for when the funds will be needed.

529 plan final considerations

- **When should I use a 529 plan?**
  - You should use a 529 plan if you think it may be beneficial to you and your child. You should consider the tax implications and investment options before determining whether a 529 plan is right for you.

- **How will a 529 plan impact federal eligibility?**
  - The use of a 529 plan may impact federal eligibility for federal aid. Consult with a financial professional to determine how a 529 plan may impact your eligibility.

- **Prepayments of tuition and the 529 plan**
  - Prepayments of tuition may be made through 529 plans.
  - Prepayments of tuition may be made through 529 plans.

- **What is the penalty on earnings?**
  - The penalty on earnings is generally 10 percent of the amount withdrawn.
  - The penalty on earnings is generally 10 percent of the amount withdrawn.

- **What happens if the beneficiary does not need the funds?**
  - If the beneficiary does not need the funds, the funds can be returned to the account owner.
  - If the beneficiary does not need the funds, the funds can be returned to the account owner.

- **What is the lifetime limit on contributions?**
  - There is no lifetime limit on contributions to a 529 plan.
  - There is no lifetime limit on contributions to a 529 plan.

- **What is the rollover limit?**
  - There is no rollover limit on contributions to a 529 plan.
  - There is no rollover limit on contributions to a 529 plan.

- **What is the distribution limit?**
  - There is no distribution limit on contributions to a 529 plan.
  - There is no distribution limit on contributions to a 529 plan.

- **What is the investment limit?**
  - There is no investment limit on contributions to a 529 plan.
  - There is no investment limit on contributions to a 529 plan.

- **What is the minimum contribution?**
  - There is no minimum contribution to a 529 plan.
  - There is no minimum contribution to a 529 plan.