

529 PLANS

With the school year around the corner, it's a good reminder to consider the benefits a 529 Plan — tax-advantaged savings designed to help pay for education. It covers higher ed, K-12 and apprenticeship programs.



- **STATE BY STATE** — States administer their own 529 Plans and set annual contribution limits. You can use the funds in any state. Investments are in mutual funds or mutual-fund portfolios, with holdings growing more conservative as the beneficiary gets closer to needing the assets.
- **TAX-FREE WITHDRAWALS FOR QUALIFIED EXPENSES** — If you use the account for qualified education expenses, the withdrawal is tax-free. Qualified education expenses include tuition, fees, books, supplies, and room and board. Within limits you also can pay off student loans. Exclusions include travel, health insurance and extracurricular activities.
- **CONTRIBUTIONS AND TAXES** — There is no federal tax deduction for contributions to a 529 Plan, though most states provide a state tax deduction. It's important to factor in potential federal gift-tax implications of contributions greater than \$15,000.
- **UNUSED FUNDS** — If the beneficiary doesn't use all the assets, you have options. You can leave the account open for future education expenses such as graduate school. You can change the beneficiary to someone else in the family. Or you can withdraw the funds and use them for your own needs, but you will be subject to taxes and penalties on the gains.
- **IMPACT ON FEDERAL FINANCIAL AID.** A 529 Plan account can affect federal financial aid. If the parent owns the 529 Plan, the balance of the plan is included when completing the Free Application for Federal Student Aid (FAFSA). If the 529 Plan account is owned by a grandparent, the balance is excluded, but distributions are counted as income to the beneficiary.

— Bri Peck, CFP, Financial Advisor

TAX TIP

The IRS's Tax Payer Bill of Rights explains your rights as taxpayer for examination, collection, appeals and refunds. Among the 10 Rights listed: Quality Service, Challenge the IRS's Position and Be Heard, and Privacy. For the full list, follow this [link](#).

GIVING

The word "philanthropy" comes from ancient Greek: *phil-* "love, fond of" + *anthrōpos* "humankind, mankind." Sir Francis Bacon, in the 1600s, considered *philanthrōpía* to be synonymous with "goodness," related to the Aristotelian concept of virtue.

WHO KNEW?

The National Bank Act of 1863 was designed to create a national banking system, float federal war loans and establish a national currency. Congress passed the act to help resolve a financial crisis during the early days of the American Civil War.

IN THE MARKET

"Bear skin jobbers" once sold bear skins on speculation. This was the original source of "Bear," as in "Bear Market." This term eventually described short sellers who sold shares they did not own, but then bought and delivered after a price drop.