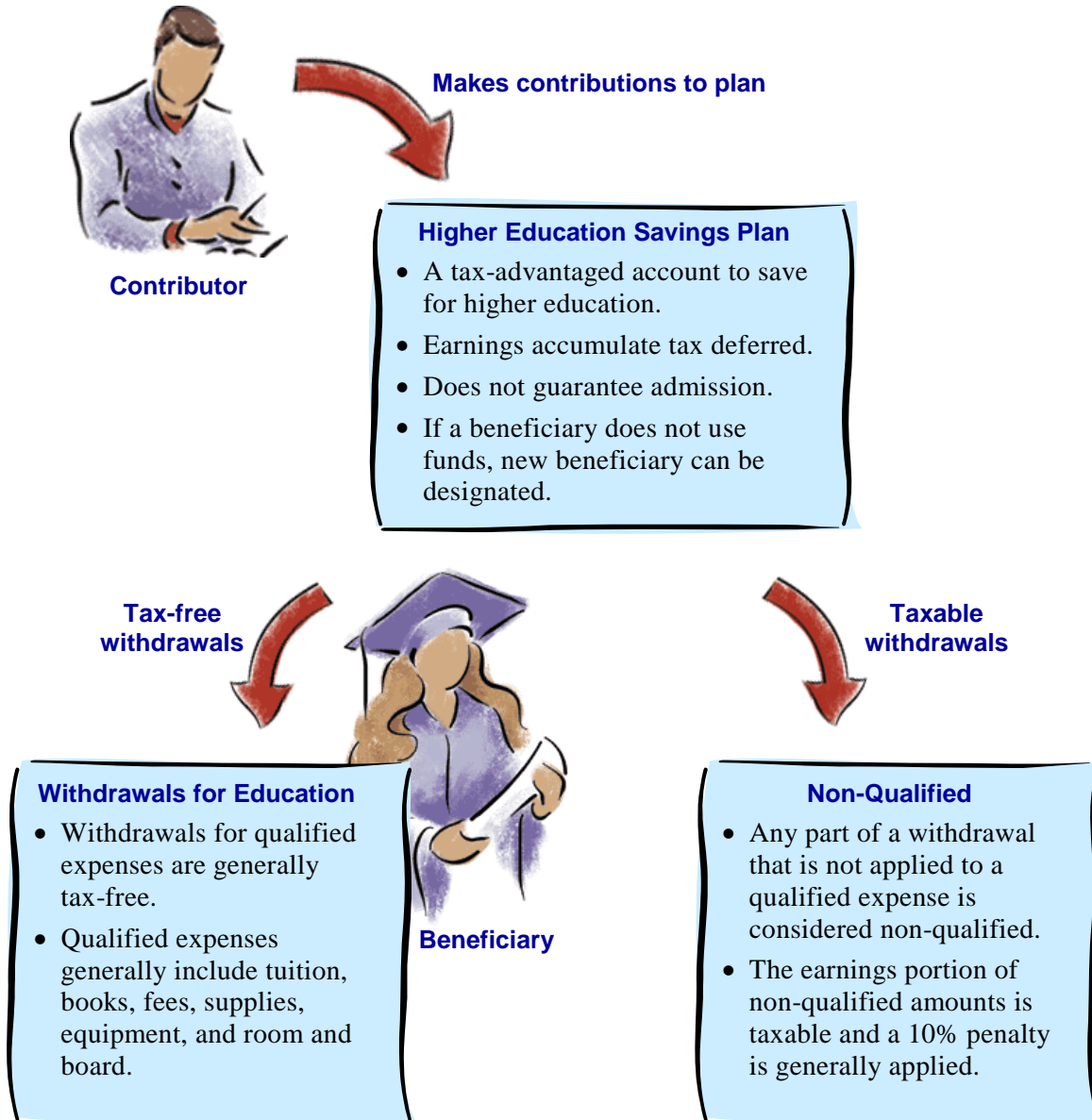


How a “529” Higher Education Savings Plan Works

A “529” higher education savings plan is a tax-favored program operated by a state designed to help families save for future college costs. While the fees, expenses, and features of these plans will vary from state to state, as long as a plan satisfies the requirements of Section 529 of the Internal Revenue Code,¹ federal tax law provides tax benefits for both the contributor and the beneficiary.

How Does It Work?



¹ Federal law does not allow income tax deductions for contributions to 529 plans, although growth inside a plan is tax-deferred and qualified distributions are tax-exempt. State or local tax law can vary widely. 529 plans involve investment risk, including possible loss of funds, and there is no guarantee a college-funding goal will be met.