

YOU CAN USE 529 PLANS TO HELP PAY FOR SCHOOL

What are 529 plans? A 529 plan is a special savings plan originally developed to help families save money for college while earning tax-free interest. Money put into the plan is subject to regular income taxes before it is deposited into the account. The account grows tax-free. If the money is used for tuition upon withdrawal, no additional taxes will be taken out. (There are taxes and additional fees imposed should the money be used for other purposes.)



Plans are managed by individual states, and each state selects an administrator to broker investments in the plans. Some people choose to open plans directly, while others seek the assistance of financial advisors. Most families open plans through their own state of residence, but that's not a requirement. You can

open a 529 plan in other states. Any friend or family member can open a fund and/or can contribute funds to a 529 plan.

What are the new benefits?

Previously, the purpose of 529 accounts was to provide families with a strong, long-term savings option for higher education. As of January 1, 2018, families are

able to use up to \$10,000 annually from their 529 accounts to cover the cost of tuition for K-12 private schools.

If you already have a 529 account and you've had a chance to let the interest accrue, it may be beneficial to use some of those savings now. If you have not yet started a plan but think you might like to, now is a good time to take another look. There are a variety of options for families, depending on the age of your child and other factors. With Georgia's 529 Plan you can open an account with as little as \$25 dollars per investment portfolio, or \$15 dollars per pay period through payroll deduction. Find out more at Georgia's [Path2College 529 Plan](#)

How can I set up an account?

Following these steps will simplify the process:

1. Decide on a beneficiary (likely your child or grandchild, though the account may be transferred to a different beneficiary later).
2. Gather the address, social security number, and date of birth of the beneficiary.
3. Work with an investor to determine which account is best for you. You may choose an age-based option taking into consideration what amount of risk you are comfortable with: there are conservative, moderate, and aggressive plans. Additionally, you can custom-select from individual portfolios.
4. Have your bank account information (account and routing numbers) handy to set up transfers.

For more detailed information on Georgia's 529 Plan go to: [Path2College 529 Plan](#)

You can also contact Regina Sweeney, our Director of Development, to find out more at [\[insert clickable link to school phone number\]](#) or rsweeney@spccatholicschool.org

A 529 Story

*“Fifteen years ago I was in a situation that left me homeless. A good friend reached out and made all the difference. Time moved on, times did get better and five years later, when I was able, I wondered how I could possibly repay my friend’s generosity. I had no kids (yet), but he had; so I opened up a 529 Plan for each of his two children because anyone can open one for a child. I contributed \$20 per month to each plan and if times got tight, I reduced or stopped the contribution if needed. I was also able to take a deduction against my state taxes each year. But it was mostly a matter of **set it and forget it**. This year I was able to give his eldest daughter over \$13,000 that she is able to use for college expenses. His second daughter’s fund is still growing and will be ready for her when she needs it too. It is such a joy to be able to pay forward my friend’s generosity in such a meaningful and practical way.”*

-Anon.

