

# Comparing ways to save

	<b>GET 529 Prepaid Tuition Plan<sup>15</sup></b>	<b>529 College Savings Plan<sup>15</sup></b>	<b>Coverdell Education Savings Account<sup>16</sup> (Education IRA)</b>	<b>Custodial Account<sup>17</sup> (UGMA/UTMA)</b>
<b>Does this account grow tax-free?</b>	Yes, withdrawals are tax-free when used for qualified higher education expenses. <sup>18</sup>	Yes, withdrawals are tax-free when used for qualified higher education expenses.	Yes, withdrawals are tax-free when used for qualified higher education expenses or elementary/secondary education.	No, regular tax rules apply.
<b>Who can participate?</b>	Either the student or account owner must be a resident of Washington at the time of enrollment. The account owner may be an individual, trust, corporation, partnership or other entity. The account owner does not have to be related to the student.	Rules vary by plan.	Your modified AGI <sup>19</sup> must be less than \$110,000 if you file an individual tax return (\$220,000 for a joint tax return).	Everyone.
<b>How much can I contribute?</b>	Total units cannot exceed 500 per student.	Varies by state plan. The highest limit is about \$350,000 per student.	\$2,000 annually.	Unlimited.
<b>What can withdrawals be used for?</b>	To pay qualified higher education expenses. <sup>18</sup> The student must be enrolled at least half-time to pay room and board.	To pay qualified higher education expenses. <sup>18</sup> The student must be enrolled at least half-time to pay room and board.	To pay expenses associated with higher education as well as primary and secondary education. The student must be enrolled at least half-time to pay room and board.	Rules vary by state, but withdrawals can be made for any reason.
<b>Can I change student beneficiaries?</b>	Yes, within the immediate family, including cousins.	Yes, within the immediate family, including cousins.	Yes, if the new student is under the age of 30 and the original student gives consent.	No.
<b>Who are the best candidates for this type of account?</b>	Those who prefer a guaranteed return based on the rate of tuition inflation.	Those who want to contribute to a tax-free college fund and have some control over their investments.	Parents who want maximum control over their investment options and don't have more than \$2,000 to contribute annually.	Those who want to transfer assets to a young student and are comfortable turning over control once the student is of age.
<b>Who controls the account?</b>	The account owner retains control.	The account owner retains control.	Either the account owner or the student may have control depending on how the account was set up.	Until the student is of age, a custodian controls the account. Once the student is of age, he/she gains control of the account.
<b>Is there a guarantee? How safe is my investment?</b>	Yes. Your account is guaranteed by the State of Washington to keep pace with resident undergraduate tuition and state-mandated fees at the most expensive public university in Washington.	No. The value of the account is based on the portfolio value at the time of withdrawal or disbursement.	No. Depending on the type of account (savings/brokerage), the value of the account is based on interest earned or the portfolio value at the time of withdrawal or disbursement.	No. Depending on the type of account (savings/brokerage), the value of the account is based on interest earned or the portfolio value at the time of withdrawal or disbursement.

<sup>15</sup> A qualified tuition program (QTP) under Section 529 of the Internal Revenue Code. Plans vary by state.

<sup>16</sup> A non-deductible plan that, with certain income and contribution limits, allows you to invest for college-related expenses. May be used for primary or secondary education.

<sup>17</sup> A brokerage account with custodial account registration that invests in mutual funds and individual securities, including stocks and bonds, on behalf of a minor.

<sup>18</sup> Qualified higher education expenses include tuition, fees, books, supplies, equipment required for enrollment or attendance, and, in most cases, room and board.

<sup>19</sup> AGI: Adjusted Gross Income from your federal tax return.