



## 529 PLAN ACCOUNTS

### NO INCOME RESTRICTIONS



### HIGH CONTRIBUTION LIMIT



Can front-load the 529 by contributing five years of the gift-tax maximum at one time (\$75,000 per person for each beneficiary/account) without paying gift taxes. Established by the program; many in excess of \$400,000 per beneficiary.

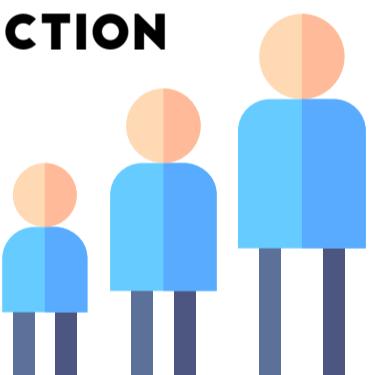
### TAX FREE



Contributions and earnings grow tax-free.

- There are no taxes on withdrawals used for qualified education expenses.

### NO AGE RESTRICTION



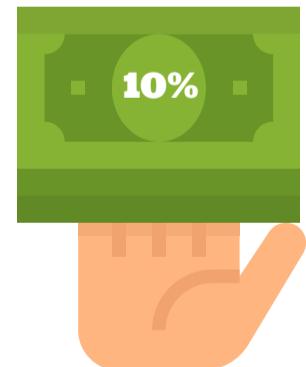
You can switch beneficiaries and use some of the money to pay off college loans.

### FLEXIBILITY



If the original beneficiary doesn't use the money for education, you can change beneficiaries to family members, including yourself.

### USE FOR NON QUALIFYING EXPENSES



Earnings are subject to income tax and a 10% penalty if the withdrawal is not spent on qualified education expenses.

# Comparing College Savings Options

## COVERDELL EDUCATION SAVINGS ACCOUNTS

### INCOME RESTRICTIONS



The income limit for making a maximum contribution now stands at \$190,000 for married couples filing joint tax returns, and contributions phase out at \$220,000 in 2021.

### USE FOR NON QUALIFYING EXPENSES

Earnings are subject to income tax and a 10% penalty if the withdrawal is not spent on qualified education expenses.



### GROWS TAX FREE



The contributions to a Coverdell ESA are not tax deductible, but money deposited in the account will grow tax-free until distributions are taken.

### AGE RESTRICTION

Amounts remaining in the account must be distributed when the beneficiary reaches age 30.

For a Coverdell, all saving for a specific child needs to be done by that child's 18th birthday, even if they are still in high school at the time.

*It needs to be used for the child designated as the beneficiary, though, and must meet the qualifying expenses guidelines.*

### LOW CONTRIBUTION LIMIT



A Coverdell has an annual cap on contributions; you can only invest \$2,000 a year in your plan.

### NOT FLEXIBLE



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