

# Observe Save for Education Day With a 529 Plan

Whether your children are in grade school or high school, they'll be leaving for college or trade school before you know it. With the cost of education rising, now is the time to prepare for that day.

Starting to invest when your child is born is often a great way to build a strong financial future. Even if your children are older, you can still make progress and potentially reap tax benefits by contributing to a 529 education savings plan. Contributions are made with after-tax dollars, accumulate with no federal income tax and can be withdrawn for qualified education expenses federally tax free.

Unfortunately, half of Americans don't know what a 529 plan is, and fewer than a quarter have one, according to 2024 research from Edward Jones and Morning Consult. One way to keep a 529 plan top of mind is to recognize May 29 (5/29) as Save for Education Day.

## Benefits of a 529 plan

- *Tax Advantages.* Your withdrawals are free from federal income tax when you use them for elementary or secondary school tuition — including vocational schools and some online courses and degree programs — registered apprenticeships, and qualified higher-education expenses such as housing, books and more.

- *Flexibility.* The variety of qualifying expenses may surprise you. For example, you can pay for off-campus housing (up to the cost of on-campus room and board), student loan repayments (up to a \$10,000 lifetime limit), and computers and computer-related accessories, including printers, internet access and educational software used primarily by the plan beneficiary. You may even be able to roll over unused funds to a Roth IRA for your beneficiary, switch beneficiaries or roll it over to another 529 plan.

- *Control.* As the account owner, you — not the beneficiary — control how the funds are used, as you planned and intended.

## Strategies for building 529 savings

If you set aside money every month, it can make a big difference toward funding your child's best educational path forward. So, how can you budget for a 529 for your child, when you have competing financial priorities?

- *Save early and regularly.* Consider setting up automatic transfers into a 529 account, even if it feels like a small amount. Taking a few minutes to set it up now can help pay for four years of your child's education in the future.

- *Increase over time.* You could re-allocate your day care expenses once your child enters school, which could be a substantial amount each month.

- *Review your savings over time.* Many things can change over time — your available dollars, education costs, investment performance, choice of college, financial aid options and the number of children you're providing for. You have the flexibility to change your contributions.

Your financial advisor can help you determine how a 529 plan can fit into your overall financial strategy and navigate the various guidelines and limits — such as defining a qualified expense, changing beneficiaries and rolling unused dollars elsewhere.

A 529 plan can be a valuable tool for helping your family members afford the educational opportunities that can lead to a promising future. Whether you're exploring this opportunity for the first time or reviewing your current plan, Save for Education Day on 5/29 is good time to do it.

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