FINANCIAL PLANNING

College Savings Planning

Questions to ask when selecting a Section 529 Plan

When comparing 529 plans, consider these questions to determine if a particular plan has the flexibility to meet your needs.

- Are there state tax benefits for residents or negative tax consequences for non-residents?
- What are the minimum and maximum allowable contribution amounts?
- Are there any restrictions on who may be a beneficiary or what beneficiary changes can be made?
- What kind of account access is available (customer service representatives available by phone, online enrollment, internet access, etc.)?
- What is the process for taking withdrawals? Is paper documentation needed? Can checks be sent directly from the plan account to the school?
- What investment options are available? What are the underlying funds? What are the fees? How much investment flexibility is available?

Top 10 Student Loan Tips

While these tips are intended for those who have graduated from college, they are helpful points to keep in mind when considering student loans. For detailed information about each of the tips, see the source information below.

- Calculate your total debt
- Know the terms
- Review your grace period
- Consider loan consolidation or refinancing
- Pay off the highest interest rate loans first
- Lower your principal if you can
- Set up automatic payments
- Explore alternative plans
- Defer payments
- Explore loan forgiveness

Source: “10 Tips For Managing Your Student Loan Debt,” Investopedia, 8/19/2024
https://www.investopedia.com/articles/personal-finance/082115/10-tips-managing-your-student-loan-debt.asp

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Web Resources

General

- The College Board, "College Costs." bigfuture.collegeboard.org/pay-for-college/college-costs
- Savingforcollege.com has numerous articles about savings plans, tutorials, etc. savingforcollege.com

Section 529 Plans

- College Savings 101, "Introduction to 529 Plans", savingforcollege.com/college-savings-101
- "Common 529 Questions," College Savings Plan Network, collegesavings.org/common-529-questions/

Coverdell ESAs

- "Introduction to ESAs," savingforcollege.com/article/coverdell-esa-investment-options

Student Loans

- "Choosing a loan that's right for you," U.S. Consumer Financial Protection Bureau, consumerfinance.gov, paying-for-college/choose-a-student-loan/#o1
- "Consolidating Student Loans," U.S. Department of Education, studentaid.gov/manage-loans/consolidation

Essential Reading

- Internal Revenue Service Publication 970, "Tax Benefits for Education," covers Coverdell ESAs, U.S. Savings Bonds, American Opportunity Credit, Lifetime Learning Credit, and student loan interest and other deductions. irs.gov/Pub970
- "Family Guide to College. Order at savingforcollege.com/family-guide
- Federal Student Aid Handbook, U.S. Department of Education. fsapartners.ed.gov/knowledge-center/fsa-handbook

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