

College Savings Plan Comparison						
	529 Savings Plan	529 Prepaid Tuition Plan	UGMA/UTMA	Coverdell	Savings Bonds	2503c and Crummey Trusts
Contributions	Set by state; can be \$300,000+; no earnings limits	Set by state	\$16,000 per person (2022) (gift tax limit)	\$2,000 maximum; earnings limits of \$110,000 single and \$220,000 MFJ	I-Bonds: \$15,000 per year (\$5,000 paper only with tax refund and \$10,000 electronic) EE Bonds: \$10,000 per year electronic	\$12,000 per person (2022) (gift tax limit)
Tax Breaks	Contributions may be state tax deductible; no federal taxes on earnings; 10% penalty plus taxes on earnings for non-qualified distributions	Contributions may be state tax deductible; no federal taxes on earnings; 10% penalty plus taxes on earnings for non-qualified distributions	Kiddie Tax Rules Apply: child under age 19 or 24 (if full-time student) pay no tax on first \$1,150 unearned income and 10% on next \$1,150. Investment income above \$2,300 taxed at parents' rate if gross income less than \$11,000.	No federal taxes on earnings; income tax plus 10% penalty if not used before age 30	Income is tax-exempt if used for tuition and fees, owner is over 24, and income is under \$100,000 single and \$158,650 MFJ (2022)	No tax advantage; taxed at trust rates (higher than individual rates)
Investment Choices	Must choose from options provided by the plan; can only make changes twice per calendar year	Plan is responsible for investing the money	Anything held in a brokerage account	Anything held in a brokerage account	Savings bond	Anything held in a brokerage account
How Money May Be Used	Tuition and fees, plus supplies like books and computers, room and board; up to \$10,000 per year for K-12 qualified education expenses; \$10,000 once in a lifetime withdrawal penalty free to repay student loans for beneficiary and siblings	Tuition and fees; few other costs	Any purpose (not just for college) except for parental obligations	Tuition and fees, room and board, supplies, equipment; any amount can be used for elementary and secondary costs or qualified college costs	Tuition and fees	Per trust document
Control Issues	Donor (owner) controls	Donor usually, but could vary by state	At age of majority (18 or 21), child controls	Financial institution is custodian until age of majority (18 or 21); balance must be distributed by 30th birthday (unless special needs)	By owner	Grantor can extend control past child's age of majority
Financial Aid Implications	If parents are the owners, 5.6% is counted in the formula	If parents are the owners, 5.6% is counted in the formula	Child is considered the owner, so up to 35% is counted in the formula	Treated as parent owner, so 5.6% is counted in the formula	If parent owner 5.6%; if child owner up to 35%	Child is considered the owner, so up to 35% is counted in the formula

