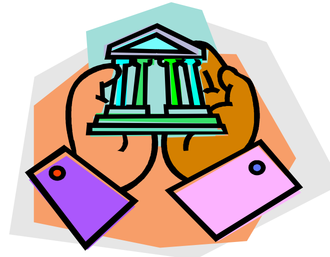
Saving for college options:



Personal investment accounts:

- Anyone can save for college with a personal investment account.
- There is no limit to the amount that can be saved.
- The account owner has control of the money.
- The money can be used for anything the account holder wishes.
- Income is taxed at the account holder's rate, and distributions may create capital gains de pending on the investment.
- Personal investment accounts may impact financial aid eligibility.

Custodial accounts (UGMA, UTMA):

- Anyone can open a custodial account for a child.
- There is no limit to the amount that can be saved.
- The custodian has control of the account until the child is of legal age.
- Money can only be taken from the account to benefit the child.
- Income for 2014 is tax-free to $1,000, taxed at the child's rate for the next $1,000, and taxed at the parent's rate thereafter. (kiddie tax)
- Custodial accounts affect financial aid more than parent's investments.

Coverdell education savings accounts (ESA):

- Taxpayers with income over $110,000 (single) and $220,000 (married) can not contribute.
- Investment vehicle is the account owner's choice.
- Contribution is limited to $2,000 per year up to age 18 of the child.
- The account owner has control of the account until the legal age of the child.
- Funds can be withdrawn for expenses of primary, secondary, and college education.
- Withdrawals are not subject to Federal tax as long as they are used for qualified education.
- Earnings are not taxed.
- Coverdell accounts affect financial aid in the same way as parental accounts.

529 college savings plans:

- Anyone can set up a 529 plan. Investment vehicles are chosen from various state run plans.
- Contribution limits are limited by the annual gifting limit with a special provision allowing the donor to "front load" the contribution with 5 years of annual gifts. Accounts have limits.
- The account owner has control of the 529 plan.
- Funds are for qualified higher education only.
- Funds withdrawn for qualified higher education are not subject to federal tax.
- Earnings are not taxed.
- Unused funds can be rolled to another family member.
- 529 Savings Plans affect financial aid in the same way as parental accounts.

529 prepaid tuition plans:

- Anyone can set up a 529 prepaid tuition plan.
- Contribution limits vary from state to state.
- The account owner has control of the 529 prepaid tuition plan.
- Funds are for qualified higher education only.
- Funds withdrawn for qualified higher education are not subject to federal tax.
- Earnings are not taxed.
- Generally, unused funds can be rolled to another account.

Tips:

- Consider saving for college in your Roth IRA. Roth contributions can be withdrawn at any time tax-free.
- Consider investing in municipal bonds in UTMA accounts to avoid the "kiddie tax".
- For additional information go to savingforcollege.com.