

## Compare Options for College Savings

	<b>Wisconsin 529 Plan (Edvest or Tomorrow's Scholar)</b>	<b>Coverdell Education Savings Account (ESA)</b>	<b>U.S. Savings Bonds</b>	<b>Roth Individual Retirement Account (IRA)</b>	<b>Savings Account</b>
<b>What is it?</b>	A 529 plan is an investment account used to save for qualified higher education expenses. WI has 2 plans: Edvest – lower fees and can be bought directly; and Tomorrow's Scholar – usually higher fees and must be purchased through a financial advisor.	Formerly known as Education IRA's, a Coverdell ESA is an investment account used to save for qualified elementary, secondary, or college education expenses.	When Savings Bonds are used for eligible college education expenses, taxpayers may be able to exclude all or a portion of the interest earned from the bonds. A variety of eligibility criteria apply.	Designed for retirement savings, Roth IRA's also allow penalty-free and tax-free withdrawals for qualified educational expenses. Once money is withdrawn from a Roth IRA, it cannot be put back in over annual limits.	Financial institutions covered by either FDIC at banks or NCUSIF at credit unions, insure your savings up to \$250,000. Related savings options include money market accounts, NOW accounts, and CD's.
<b>What can I use the money for?</b>	Qualified expenses, including tuition, books, and certain room/board costs, at almost any post-secondary school. Could be used for adult continuing education.	Qualified expenses at public or private K-12 or post-secondary schools until child reaches age 30.	Tuition and mandatory fees. Payments to 529 and ESA Plans are also eligible. Room, board, and books are not qualified expenses.	Can make penalty-free and tax-free withdrawals for qualified higher education expenses.	Can be used for any reason.
<b>Who can use the money?</b>	The account holder can use the money for any eligible member of the family (child, grandchild, stepchild, etc.).	Can be transferred to an eligible family member who is less than 30 years old.	Transfers of money are limited to bond holder, spouse, and dependents.	Can be used for higher education of Roth IRA holder or an eligible family member.	Account holder can give the money to anyone.
<b>Minimum contribution</b>	With automatic deposits, \$15 per option (Edvest) or \$25 per month (Scholar). Some tax savings for WI residents on deposits to account.	Many investment options available with no or low minimums. Contributions are not tax deductible.	Purchased electronically: \$25 minimum for both EE and I Bonds. Purchased with a tax refund: \$50 minimum for I Bond. Purchases are not tax deductible.	Varies based on plan; may have both a minimum to open account and minimum monthly contribution. Contributions are not tax deductible.	Varies based on financial institution; typically has a minimum to open account. Contributions are not tax deductible.
<b>Savings/ Investment Options</b>	Aggressive to conservative options, including age-based, mutual funds, CD's, etc.	Mutual funds and securities	Series EE bonds and all Series I Bonds purchased after January 1990.	Range of investments chosen by the individual.	Type of account chosen by individual.

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<b>How will this affect federal financial aid?</b> <i>(FAFSA – Free Application for Federal Student Aid)</i>	Money in the account is considered an asset (money that could be used for school expenses) for the person who owns the account. Impact on financial aid can vary by higher education institutions.*	Considered to be an asset to the person who owns the account. Impact on financial aid can vary by institution.*	Bonds are considered an asset to whomever owns the account. Impact on financial aid varies by institution.*	IRA assets are not counted as parental assets for federal financial aid, but deposits count toward parents' income and withdrawals may count as income the next year.	Considered to be an asset to the person who owns the account. Impact on financial aid can vary by institution.*
	*Some investments may affect the student's eligibility to receive financial aid based on <i>need</i> . Assets that belong to the student result in a greater reduction in financial aid.				
<b>Federal income tax treatment of withdrawals</b> <i>(Check with a tax preparer for State tax treatment)</i>	No federal tax on interest earned if used to pay qualified education expenses.	No federal income tax if used for K–12 or qualified higher education expenses AND fully withdrawn by the time student reaches age 30.	No federal income tax if used for qualified higher education expenses. (Subject to income limits for higher income households.)	No federal income tax (subject to income limits) if used for qualified education expenses for eligible family member (child, grandchild, etc.)	Any interest earned in account is taxable.
<b>Income eligibility</b>	None.	Phases out for single filers at \$95,000 to \$110,000; joint filers \$190,000 to \$220,000*	Single filers: \$89,700; Joint filers: \$142,050*	Single filers: \$116,000 - \$131,000; Joint filers: \$183,000-\$193,000*	None.
	*Ranges shown here are related to potential tax deduction(s) and may change annually.				
<b>For more information</b>	<a href="http://www.edvest.com">www.edvest.com</a> <a href="http://www.tomorrowsscholar.com">www.tomorrowsscholar.com</a> <a href="http://www.savingforcollege.com">www.savingforcollege.com</a>	<a href="http://www.irs.gov">www.irs.gov</a> <a href="http://www.finaid.org/savings/coverdell.phtml">www.finaid.org/savings/coverdell.phtml</a>	<a href="http://www.treasurydirect.gov">www.treasurydirect.gov</a> <a href="http://www.irs.gov">www.irs.gov</a>	<a href="http://www.finaid.org/savings/retirementplans.phtml">www.finaid.org/savings/retirementplans.phtml</a>	<a href="http://www.finaid.org/savings/http://americasaves.org">www.finaid.org/savings/http://americasaves.org</a>