
FINANCIAL FRIDAYS nymeo Federal Credit Union

Understanding 529 College Savings Plans



Investing in a 529 College Savings Plan can help you save money for college tuition and expenses with additional tax benefits that vary by state and plan. Withdrawals can be used for the beneficiary's eligible K-12 and postsecondary qualifying education expenses.

Here is a quick overview on the 529 Plan

Earnings are federal income tax-free

This is as long as the withdrawals are used for qualifying postsecondary education expenses, including tuition, fees, books, certain equipment and the reasonable cost of room and board (for students enrolled at least half-time).

States sponsoring 529 College Savings Plans may offer their own tax benefits on 529 plan contributions

This includes income tax deductions, tax credits and other benefits such as matching grants.

Typically, you'll only be eligible for state tax benefits if you invest in a plan sponsored by your state of residence or the state in which you pay taxes. However, there are certain states that offer

residents tax benefits for contributions to 529 Plans from any state.

Consult a tax specialist for specifics

The earnings withdrawn from a 529 Plan that are not used for qualifying college expenses are generally subject to income tax and an additional 10% penalty. You should consult a tax specialist regarding your specific situation.

Can be made for various types of tuition expenses

Based on the Tax Cuts and Job Acts of December 2017, qualified distributions from 529 Plans can now be made for public, private or religious elementary and secondary tuition expenses at a maximum of \$10,000 per beneficiary.

Student Loan Repayment

Based on the Setting Every Community Up for Retirement Enhancement (SECURE) Act of December 2019, qualified distributions from 529 Plans can now be made for student loan repayment (up to \$10,000 aggregate lifetime) for the account's beneficiary and each of their siblings.

Interested in getting expert advice?

Syyad, as a Nymeo member, remember that you have access to two seasoned financial advisors - Anna Behnam and Irene Tata. They can help you get started with a 529 College Savings Plan.

Schedule a Complimentary Consultation



Anna A. Behnam
Financial Advisor



Irene Tata
Financial Advisor

How much does a financial advisor cost?

Your initial meeting with Anna or Irene is complimentary! Depending on your specific need, as well as the complexity of your situation, you may choose to pay for additional options. [Schedule a time to speak with them at your convenience.](#)

Investment products are not federally or NCUA-insured, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

The initial consultation provides an overview of financial planning concepts. You will not receive written analysis and/or recommendations.



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