



Iowa 529 Plan: A tax deferred tuition resource

What is an Iowa 529 Plan?

- A 529 plan is ***a type of investment account*** you can use to save for qualified education expenses IE: college and private school. 529 plans are sponsored by states, and other financial institutions, all with different investment options and advisor options.

**See the website for specifics.*

Who can open one?

- ***Anyone can open an account*** if they have a child's full name and social security number. Typically a parent but grandparents, other relatives or friends.
- As an account owner, you will pick investments, choose a beneficiary, and determine how the money is used. If you are an Iowa taxpayer, you can also benefit from the state tax deduction.

Who can contribute to them?

- ***Anyone can add to the individual child's account***-a great way to celebrate baptism, birthdays and special occasions! *Check with your tax advisor if you live outside of Iowa.*
- ***You can contribute up to \$75,000 in a single year*** for each beneficiary* (\$150,000 for a married couple filing jointly). Beneficiaries can use up to \$10,000 per year for K-12 tuition.

** See the website for specifics.*

What does it cost to open an account?

- There is ***no fee*** to open an individual Iowa 529 account, but there is a \$25 minimum to establish the account. Each child/student needs their own account.

What are the State of Iowa tax deductions?

- Iowa Tax payers can ***deduct*** up to \$3,474 for 2021 per student account.
- Note, Mom can deduct \$3,474 per student-she must set up each child's account, and Dad can also deduct \$3,474 per student- he too must set up separate child's account(s).

What if I'm not ready to do this?

- Starting to save early can make a big difference, and, after you have completed your research on this plan, opening an account only takes about 10 minutes!

What if my child doesn't attend private school or go to college? What happens to the funds?

- Funds can be transferred to a sibling or a first cousin.

Where do I go to get started!

- www.collegesavingsiowa.com or look on the back side of this for specific directions.
- For more information or questions about the Iowa 529 Plan, call our offices at 515-237-5044, and ask for Sue email at smcentee@cfswia.org

How do I get started?

- Open your account. Go to www.collegesavingsiowa.com and click on the green box that says “Open an account”:
- You will set up one account per child/student
- You will need to know: SS# for each child/student you are setting up an account for
- You will chose an executor (usually a parent). The executor will be the person selecting changes to the investment portfolio and also granting dollars from the account
- You will chose a beneficiary child/student) for the account
- You will chose the way the dollars will be invested for growth.
Asking yourself, “How much risk you am I willing to take with these dollars?” You may click through portfolio definitions and options
(Review this on the website before you set up the account.)
- You will deposit funds
- You will receive a link for your acct that you can forward to family/friends that may wish to contribute to the plan for the child
(Note, this allows for contribution to account, **does NOT give state tax benefit- to get tax benefit- the donor needs to establish an account for the student.** You can have multiple funds for each child/student.
- When you are ready- You will log into account for withdrawals. You may choose to have the check cut to the executor to pay for K-12 tuition OR you may **choose to send the check directly to your school** (this is definitely the easier way to proceed). You may also chose to let this acct grow for college or continued education costs.
- Dollars deposited today are available tomorrow

Note: We always recommend that you consult with your tax advisor or financial planner before you create an account or make a contribution.