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Saving for Your Children's Education *With a 529 College Savings Plan*

Next to a home and retirement, financing your children's college education can be the biggest financial commitment you will ever make. With the current average cost of a four-year public and private university of \$64,560 and \$147,972 respectively*, it's essential that you start saving as soon as possible. And one vehicle available to save for a college education is a Section 529 College Savings Plan.

Tax Advantages and Eligibility

A Section 529 Plan allows you to put aside money that grows tax-deferred until it is used to pay for qualified education expenses, and qualified withdrawals are currently exempt from federal income taxes. Anyone can participate and there are no state residency requirements. You can use a 529 plan to save for the education expenses of your children, grandchildren, yourself or any other member of your family. First cousins are included in the definition of family members.



Section 529 plans can be used at accredited educational institutions to pay for qualified expenses including tuition, books and room and board. As the account owner, you maintain control of the account at all times. If your child or other beneficiary chooses not to attend college, you can change the beneficiary to another family member.

Contributions

Under IRS gift tax rules, you can contribute up to \$13,000 per year for each beneficiary, and you and your spouse can contribute up to \$26,000 per year if you file jointly. You can also increase your initial account contribution to \$65,000 (\$130,000 for married couples filing jointly) by making a special five-year gift in a single lump sum. Many grandparents use this special gift provision to save for their grandchildren's education as well as reduce their own estate value. Contributions to a plan on the behalf of any beneficiary cannot be more than the amount necessary to provide for the qualified education expense to the beneficiary.

*Source: College Board Advocacy and Policy Center - *Trends in College Pricing 2010*.

Before investing in an out-of-state plan, carefully consider the plan's expenses, investment options, contribution limits and tax benefits and/or penalties compared to those available within the plan(s) sponsored by your home state. Withdrawals from a 529 plan for nonqualified expenses are subject to taxation and may incur a tax penalty. Investors should consult with a financial, tax or legal adviser to learn how state-based benefits (including any limitations) would affect the investors' specific circumstances and should view the investors' home state or any other 529 plan to learn more about the features, benefits and limitations of that state's plan.

This communication is not intended to be tax, legal, or accounting advice. Issues could exist that can affect the tax treatment of a transaction. Therefore, taxpayers should seek advice from an independent tax, legal or accounting advisor before acting on any information presented. This information cannot be used to avoid tax penalties.



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Before investing carefully read the prospectus(es) which contain information about investment objectives, risks, charges, expenses and other information, all of which should be carefully considered before investing. For current prospectus(es) call (800) 874-6910. Investing involves risk. The investment return and principal value will fluctuate and, when redeemed, the investment may be worth more or less than the original purchase price. Asset Allocation or the use of an investment advisor does not ensure a profit nor guarantee against loss.

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