



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.

Who can contribute to them?

Anyone can add to the individual child's account. This is 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 setting up an account(s), Dad can also deduct \$3,474 also per student that sets up an 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 college? What happens to the funds?

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

Where do I go to get started!

Go to 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 Brooke, OR email Brooke directly at bpulliam@catholicfoundationiowa.org.

How do I get started?

1. Open your account (one account per child).
2. You will need to know the SSN for the child.
3. 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.
4. You will chose a beneficiary (student) for the account.
5. You will chose the way the dollars will be invested for growth. Ask yourself, “How much risk 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).
6. You will deposit funds.
 - a. You will receive a link for your account that you can forward to family/Godparents that may wish to contribute to the plan for the child. Note: this allows for contribution to account, it does **not** give state tax benefit. To get a tax benefit, the donor needs to establish an account for the student.
7. 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.
8. 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.