

## Comparison of Savings Options

Features	Private College 529 Plan	529 College Savings Plan	Coverdell	UGMA/UTMA	Permanent Life Insurance	Savings Bonds: Series EE or I	Retirement Accounts (IRA, 401(k))
<b>Federal Tax Exemption</b>	Tax-free if tuition certificates used for qualified withdrawals. Some states may offer state tax exemptions.	Tax-free if money used for qualified withdrawals. Some states may offer state tax exemptions.	Tax-free if money used for qualified withdrawals	For certain children under age 19 and full-time students under age 24, earnings above \$2000 are taxed at the parents' rate.	Cash value in a life policy grows tax-deferred, and can be removed tax-free (within limits) for college expenses, through policy loans.	If used for qualifying higher education expense (e.g., tuition & fees) interest earnings federal tax exempt if adjusted gross income: Single: \$74,700- \$89,700; Married: \$112,050-\$142,050	Roth IRA: Withdrawals from contributions are tax free, withdrawals from earnings are taxed. Traditional IRA and 401(k): All withdrawals are subject to taxes.
<b>Gift Tax</b>	May contribute up to \$14,000 (\$28,000 for married couples) per child or a combined five year gift of up to \$70,000. (\$140,000 for married couples) <sup>1</sup>	May contribute up to \$14,000 (\$28,000 for married couples) per child or a combined five year gift of up to \$70,000. (\$140,000 for married couples) <sup>1</sup>	May contribute up to \$14,000 (\$28,000 for married couples) per child or a combined five year gift of up to \$70,000. (\$140,000 for married couples) <sup>1</sup>	May contribute up to \$14,000 (\$28,000 for married couples) per child or a combined five year gift of up to \$70,000. (\$140,000 for married couples) <sup>1</sup>	Not Applicable	No gift as qualifying bonds must be owned by the parent	Not Applicable
<b>Estate Tax</b>	Contributions are not considered part of giver's estate (a portion of the contributions included in donor's estate if giver dies during five-year election period)	Contributions are not considered part of giver's estate (a portion of the contributions included in donor's estate if giver dies during five-year election period)	Contributions are not considered part of owner's estate	Contributions are not considered part of donor's estate unless donor remains custodian	Value included in owner's gross estate	Value included in bond owner's gross estate	Value included in owner's gross estate
<b>Account Owner Income Restrictions</b>	None	None	To contribute annual maximum allowable amount, must make less than \$95,000 if single, \$190,000 if married. Partial contributions can be made if making \$95-\$110,000 if single, \$190,000-\$220,000 if married. <sup>2</sup>	None	None	Interest exclusion phases out for incomes between \$112,050 and \$142,050 (joint filers) or \$74,700 and \$89,700 (single)	None
<b>Contribution Limits</b>	The cost of 5 years full time tuition at the most expensive participating school in Program year (\$223,525 for 2011-12)	Depends on plan. Usually more than \$300,000 <sup>3</sup>	2,000 per year <sup>4</sup>	No contribution limits	Not Applicable	\$10,000 face value per year, per owner, per type of bond	Roth & Traditional IRA: \$5,500(\$6,500 for taxpayers age 50 and over)
<b>Who Controls the Account</b>	Parent/account owner	Parent/account owner	Parent/account owner	Child assumes control at 18 or 21 depending on state law	Parent/account owner	Parent/account owner	Parent/account owner
<b>Investment Options</b>	No investment options. You purchase Tuition Certificates	Assets may be only reallocated once per callendar year or upon change of beneficiary	Yes	Yes	Depends on policy	Locked-in gains	Assets may be reallocated between plans
<b>Investment Risk</b>	Assets held in a qualified trust. None. Participating colleges and universities bear financial risks	Subject to market risk, dependent upon underlying investments	Subject to market risk	Subject to market risk	None. Guaranteed returns with a guaranteed death benefit.	Interest-earning bond backed by full faith and credit of U.S. government	Subject to market risk, dependent upon underlying investments
<b>Fees Assessed</b>	No fees charged to account owners	Typically, an asset based management fee and other administrative fees. May incur sales charge if purchased through a broker/advisor	Depends on underlying investment vehicle	Depends on underlying investment vehicle	Depends on policy, commissions and expenses can top 2% over 20 years (higher in the shorter term)	None	Depends on underlying investment vehicle
<b>How Assets Can Be Used</b>	Undergraduate tuition and mandatory fees at a participating college where beneficiary is admitted and enrolls	Can be used for a broad range of college-related expenses	Can be used for elementary school, secondary school and college-related expenses	No restriction as long as assets are used to benefit the minor	No Restriction	Tuition & Fees	Can be used for a broad range of college-related expenses
<b>Beneficiary Age Limit</b>	None	None	Contributions must stop when beneficiary reaches age 18, assets must be spent by age 30	Account can be set up for any child under 18 or 21, depending on state law.	Not Applicable	None	Not Applicable
<b>Changing Beneficiary</b>	Beneficiary can be changed to a member of the beneficiary's family	Beneficiary can be changed to a member of the beneficiary's family	Beneficiary can be changed to a member of the beneficiary's family	Beneficiary can not be changed	Not Applicable	Not Applicable	Not Applicable
<b>Impact on Federal Financial Aid</b>	Considered account owner's assets	Considered account owner's assets	Considered account owner's assets	Considered student's assets	Not counted as asset in the first year, could be counted as income in subsequent years	Considered account owner's assets	Not counted as asset in the first year, could be counted as income in subsequent years