

529 Plan

CBIZ, Inc. understands that saving for higher education can be a daunting task. But we know parents and/or grandparents do sometimes want to provide the benefit of college to your children or grandchildren. That is why CBIZ is pleased to offer you the benefit of a 529 Plan. A 529 Plan offers you the option of sending after-tax earnings to a college savings 529 plan of your choice. Nearly every state now has at least one 529 plan available.

What is a 529 Plan?

A 529 Plan is an education savings plan operated by a state or educational institution designed to help families set aside funds for future college costs. It is named after Section 529 of the Internal Revenue Code which created these types of savings plans in 1996. 529 Plans can be used to meet costs of qualified colleges nationwide. In most plans, your choice of school is not affected by the state your 529 savings plan is from. For example: you can be a CA resident, invest in a VT plan and send your student to college in NC.

Which states offer 529 plans?

Rhode Island continues to offer a 529 plan; this plan has historically been the only option for CBIZ associates. Starting in 2017, we welcome you to select the plan from any state that is most advantageous to you. It's up to each state to decide whether it will offer a 529 plan and what it will look like, meaning 529 plans can differ from state to state. Some states offer tax incentives to investors as well. You should research or talk to a financial consultant or accountant to find out if your state has any tax incentives.

You should research the features and benefits of your plan before you invest or speak with a qualified financial consultant to help you with this decision. Although CBIZ does not have any affiliation with this web site, www.savingforcollege.com is a good resource for information on 529 plans.

Tax Benefits

As long as the plan satisfies a few basic requirements, the federal tax law provides special tax benefits to you, the plan participant.

Enrolling in a 529 Plan

There are two ways to invest in a 529 plan, either directly with the 529 Plan managers or through a financial advisor. The enrollment form for each state plan (or plans) is posted on the individual state websites. Once you have completed the enrollment process with the 529 plan you choose, follow the plan's specific instructions about establishing a payroll deduction and submit the paperwork to your payroll specialist. Please keep copies of all paperwork for your records.

A Word about Risk

You should consider the investment objectives, risks, charges and expenses of the 529 plan you choose carefully before investing. Please read the 529 Plan's Program Description carefully before you invest.

If you decide to invest in a 529 plan in a state you are not resident of, or if you have taxable income in another state, please note that depending on the laws of your or your beneficiary's home state, favorable state tax treatment or other benefits offered by such home state for investing in 529 college savings plans may be available only for investments in the home state's 529 plan. Any state-based benefit offered with respect to this plan should be one of many appropriately weighted factors to be considered before making an investment decision. Please consult a financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances.