

Learn the Advantages of Contributing to a 529 College Savings Plan Today!

A Smarter Way to Save for Educational Expenses

Tax-deferred growth:

- No taxes are paid on 529 Plan earnings or on withdrawal for qualified education expenses.

Qualified 529 Expenses:

- Tuition and fees (Up to full amount for college, limited to \$10,000/year for K-12)
- Books and supplies (For college expenses only)
- Computers, software, and internet access (For college expenses only)
- Room and board (For college expenses only, student must be a full-time student)
- Student Loans (Lifetime limit of \$10,000)

Wisconsin State Income Tax Deduction:

- Contributions are deductible up to \$3,860 annually per beneficiary off of your Wisconsin state income for tax purposes. Amounts above this limit can be carried forward to future years.

Gift Tax Exclusion:

- In 2023, gifts totaling up to \$17,000 per individual will qualify for the annual gift tax exclusion.

Accelerated Gifting:

- An account owner can apply up to 5 years of annual gift tax exclusion from a single lump-sum contribution in a single year without incurring a gift tax.
- In 2023, this amount is \$85,000 for an individual, or \$170,000 for couples filing jointly.

Estate Planning Advantages:

- Assets held in a 529 account are treated as the beneficiary's assets and NOT the account owner's for estate planning purposes.

You can change the beneficiary of the account at any time!

If the new beneficiary is a family member of the current beneficiary

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What if my child doesn't go to college, or I have leftover funds in the 529 account?

Effective January 1, 2024: Conversions may be made from eligible 529 accounts to the account beneficiary's Roth IRA account.

- The conversion cannot exceed annual Roth IRA contribution limits (\$6,500 for 2023).
- The lifetime maximum conversion limit is \$35,000 for each 529 account.
- The beneficiary of the 529 account must have earned income greater than or equal to the amount in which they wish to convert to their Roth IRA account.
- The 529 Account must have been opened for at least 15 years.
- Funds eligible for conversion must have been in the 529 account for at least 5 years.
- Modified Adjusted Gross Income (MAGI) limitations do not apply to these conversions.

To learn more about Endowment Wealth Management and our Fee-Only Fiduciary Advice:

Call: (920) 785-6010

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