



 **GET** |  **Dream Ahead**
GUARANTEED EDUCATION TUITION | COLLEGE INVESTMENT PLAN
Programs of
WA529
WASHINGTON COLLEGE SAVINGS PLANS

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PEPS
December 2020 Webinar



WEBINAR AGENDA

Demystifying College Savings Plans

Making Dreams a Reality -

Tips and Tools for Starting a 529 College Savings Plan

- 529 Plans - Overview and Highlights.
- GET and DreamAhead Overview.
- Accessing Accounts and Most Frequently Asked Questions.
- Tips for Saving and Other Useful Information.

WHAT ARE 529 PLANS?



Tax-free Growth and Distributions

Earnings grow tax free and distributions remain tax free when used for qualified educational expenses at eligible institutions nationwide and some schools abroad.

College Savings Plans Network (learn about 529 plans nationwide): www.collegesavings.org



Qualified Educational Expenses –

Tuition, fees, room and board, books and required supplies,
some existing student loan debt.

[IRS Publication 970 – Chapter 8](#)



Eligible Educational Institutions -

Public, Private, Community, Technical/Vocational schools that have a [US federal ID code](#), and [registered apprenticeship programs](#).

Prepaid Tuition Plans

In Washington – The Guaranteed Education Tuition (GET) Program

College Savings/Investment Plans

In Washington – The DreamAhead College Investment Plan

[College Savings Plans Network \(learn about 529 plans nationwide\)](#)

WHAT ARE QUALIFIED EXPENSES?



- Tuition and fees *(can include k-12)*
- Room and board, on and off campus.
- Books and required supplies.
- Up to \$10,000 existing student loan debt.

[Qualified Educational Expenses](#) – Chapter 8

529 PLAN BENEFITS

[College Savings Plan Network \(CSPN\) Advantages and Benefits](#)



PLANS OVERVIEW

Guaranteed Education Tuition (GET) Program

529 Prepaid Plan

Initial residency requirement

Annual Enrollment Period: November - May

Value tied to tuition growth of the highest priced WA public University.

Unit System – 100 units = 1 Year

- Annual Unit Price – purchase whole or partial units
- Regular contributions build units in account

Choose a payment plan:

- Lump Sum
- Custom Monthly
- Combination of both

Lifetime maximum per beneficiary – 800 units

Student beneficiary can used up to 200 units per academic year.

DreamAhead College Investment Plan

529 Savings Plan

No residency requirement

Enrollment open year-round

Value tied to investment performance

Investor chooses investment portfolio

- \$25 initial contribution
- \$5 minimum ongoing contributions per portfolio

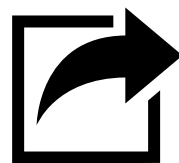
Choose an investment portfolio:

- Age-based portfolio (self adjust)
- Risk-based, fixed allocation portfolio
- A combination of portfolios

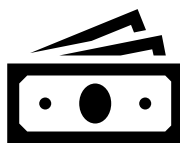
Maximum contribution is \$500,000

(in DreamAhead only or between a DreamAhead and GET with the same beneficiary).

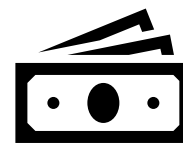
USING YOUR SAVINGS!



Direct Payment to
a School/Institution



Reimburse
Account Owner



Reimburse
Beneficiary

Click [here](#) to read more about requesting a distribution to pay for expenses.

Student gets a scholarship?

Use for other expenses, hold and use another year, transfer to another family member, refund.

Student decides not to go to college?

Wait to use it, transfer to another family member, refund.

Family moves out of state?

Can continue to contribute and use as planned.

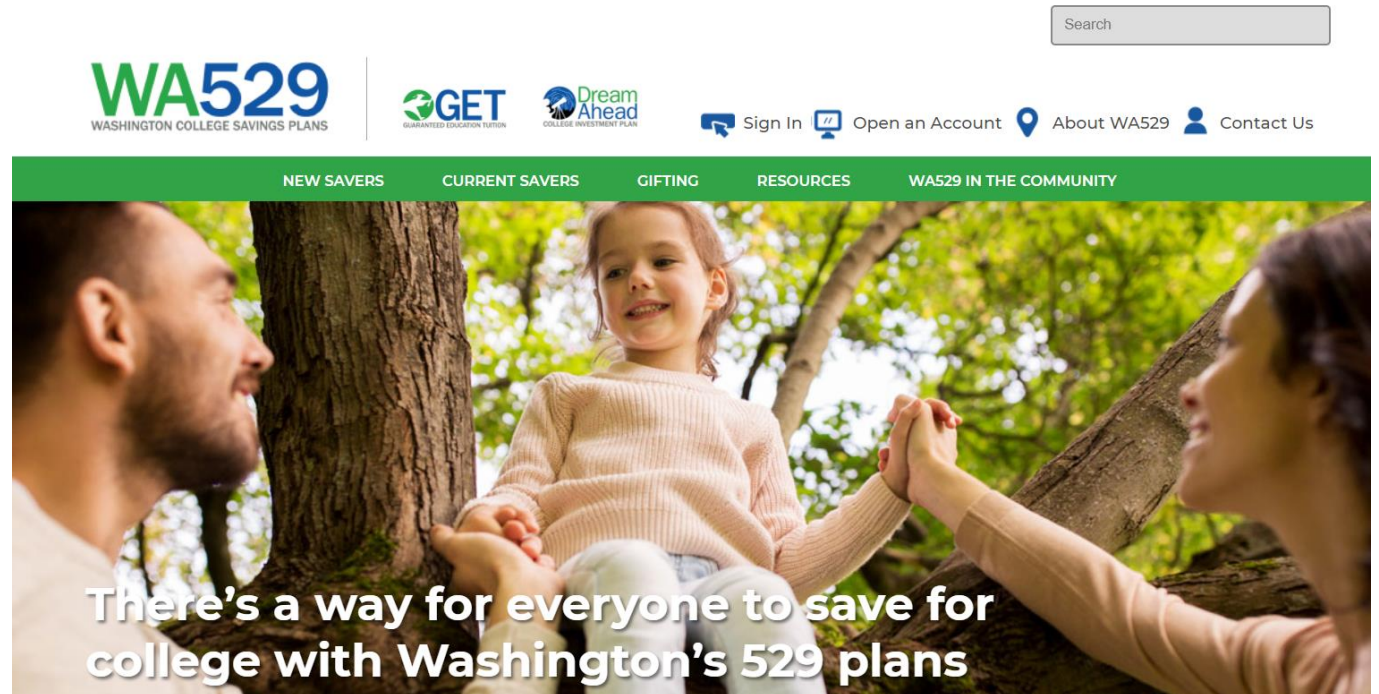
Family’s circumstances change?

Can change the plan or refund. Call Contact Center for options.

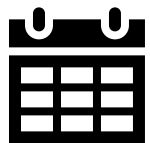


[Check out FAQs](#)

- [Gather Information and resources](#)
- Open accounts – [online](#)
- Tell others - [gifting](#)
- [Reach out](#)



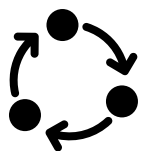
TIPS FOR SUCCESSFUL SAVING



Save regularly; consider putting portions of tax refunds or pay raises into college savings.



Remind loved ones about gifting to your children's college savings accounts.



Consider additional ways to save to supplement what you do elsewhere.



Begin exploring scholarships and financial aid early to be prepared.

[Gifting for College Savings](#)

- Contributions up to \$15,000 a year, per recipient, are exempt from gift taxes (up to \$30,000 for married couples).
- You can also make a lump-sum contribution of up to \$75,000 (\$150,000 if married) per beneficiary and then average the contribution over a five-year period without triggering the gift tax -- provided you make no other gifts to that beneficiary for the next five years.

[IRS Publication 970 – Chapter 8](#)

529 PLAN AND FINANCIAL AID

529 College Savings Accounts and Financial Aid

Owner of the 529 account	Asset or Income	Impact on Financial Aid Eligibility
Parent of a dependent student	Parental Asset up to 5.64%	Least impact
Dependent student	Parental Asset up to 5.64%	Least impact
Independent student	Students Asset up to 20%	Moderate impact
Grandparent	Student Income up to 50%	High impact
Parent of independent student	Parent or Student Income	High impact

The Expected Family Contribution (EFC) is most affected by income and not assets. A 529 plan owned by a parent or a dependent student is considered a parental asset and therefore, has the least impact on a student's ability to qualify for need-based aid.

OTHER SAVING METHODS

- Coverdell Education Savings Accounts (ESA)
- Roth IRA Accounts
- UGMA/UTMA Accounts
- Gerber Life College
- Bank or Credit Union Accounts

[Different ways to save can complement your saving goals](#)

Coverdell ESA (Educational Savings Account)

- Accounts grow tax-free
- Use for qualified education expenses K-12 and higher education
- Annual contribute limit of \$2000
- No guarantee – value based on portfolio value at time of withdrawal
- Contribute until student is age 18
- Available through banks, mutual funds, brokerage houses

Roth IRA accounts

- Typically allow for self-directed investments
- Greater flexibility of uses beyond higher education
- Stricter contribution limits
- Different tax benefit considerations when withdrawing for higher education expenses
- Potential financial aid issues

Custodial Account UGMA/UTMA)

- Does not grow tax-free
- Withdrawals can be made for any reason
- No guarantee – value based on portfolio value at time of withdrawal
- Unlimited contributions
- Possible negative impact on financial aid
- Account controlled by child at age of majority
- Available through brokerage houses or mutual funds

Gerber Life College Plan

- An endowment life insurance policy, marketed as a college savings plan (not a 529 plan)
- Face-value between \$10,000 and \$150,000, paid out upon maturity or death of policy holder
- Does not grow tax-free
- Withdrawals can be used for any purpose, not just college
- Monthly premiums vary depending on value selected, plus age & health of policy holder

FURTHER READING

- Washington's 529 College Savings Plans (WA529): www.wastate529.wa.gov
- Washington Student Achievement Council (WA529 parent agency and state financial aid administrator): www.wsac.wa.gov including the new resource, <https://compass.wsac.wa.gov>.
- College Savings Plans Network (learn about 529 plans nationwide): www.collegesavings.org
- IRS Publication 970 (learn about 529 plan tax treatment and benefits): [IRS Publication 970](https://www.irs.gov/pub/irs-prior/p970-12-12.pdf)
- Apprenticeship information: Department of Labor website: Apprenticeship.gov
- Federal School Code Search: https://fafsa.ed.gov/spa/fsc/#/SEARCH?locale=en_US
- Consumer Education and Training Services, centsprogram.org/planning-for-higher-education-for-families/ a FREE planning tool to help families prepare a plan for paying for education expenses.
- Washington Career Bridge: One stop for source for career and education planning.
<http://www.careerbridge.wa.gov/>



**WA529
Knowledge Cafe**

Virtual Learning Center
WA529Outreach@wsac.wa.gov
360.764.9204

Join us for engaging and interactive discussions that include webinars and casual conversations for Q&A.

wastate529.wa.gov/webinars

CONTACT INFORMATION

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GET Contact Center

GETInfo@wsac.wa.gov, 800.955.2318

DreamAhead Customer Service

www.dreamahead.wa.gov/contact-us , 844.529.5845



THANK YOU!