



CollegeBound 529

529 plan state tax information

State tax benefits can be an important component when selecting a 529 plan.

The dream of a solid education is a goal for many families. A sound savings and investment plan may help that dream become a reality.

529 plans offer advantages such as tax-deferred earnings growth and tax-free qualified withdrawals. In addition, some states offer investors additional state income tax benefits. Tax benefits vary by state, and all information, including expenses, fees and investment options, should be considered before making an investment decision.¹

Using a 529 plan for K-12 costs

As a result of the Tax Cuts and Jobs Act, 529 savings plans aren't just for college expenses anymore. Families with children in grades K-12 can now take federal tax-free withdrawals¹ of up to \$10,000 per year to pay for public, private, religious elementary or secondary school tuition. However, whether K-12 tuition will qualify for state tax benefits is still being determined on a state-by-state basis.

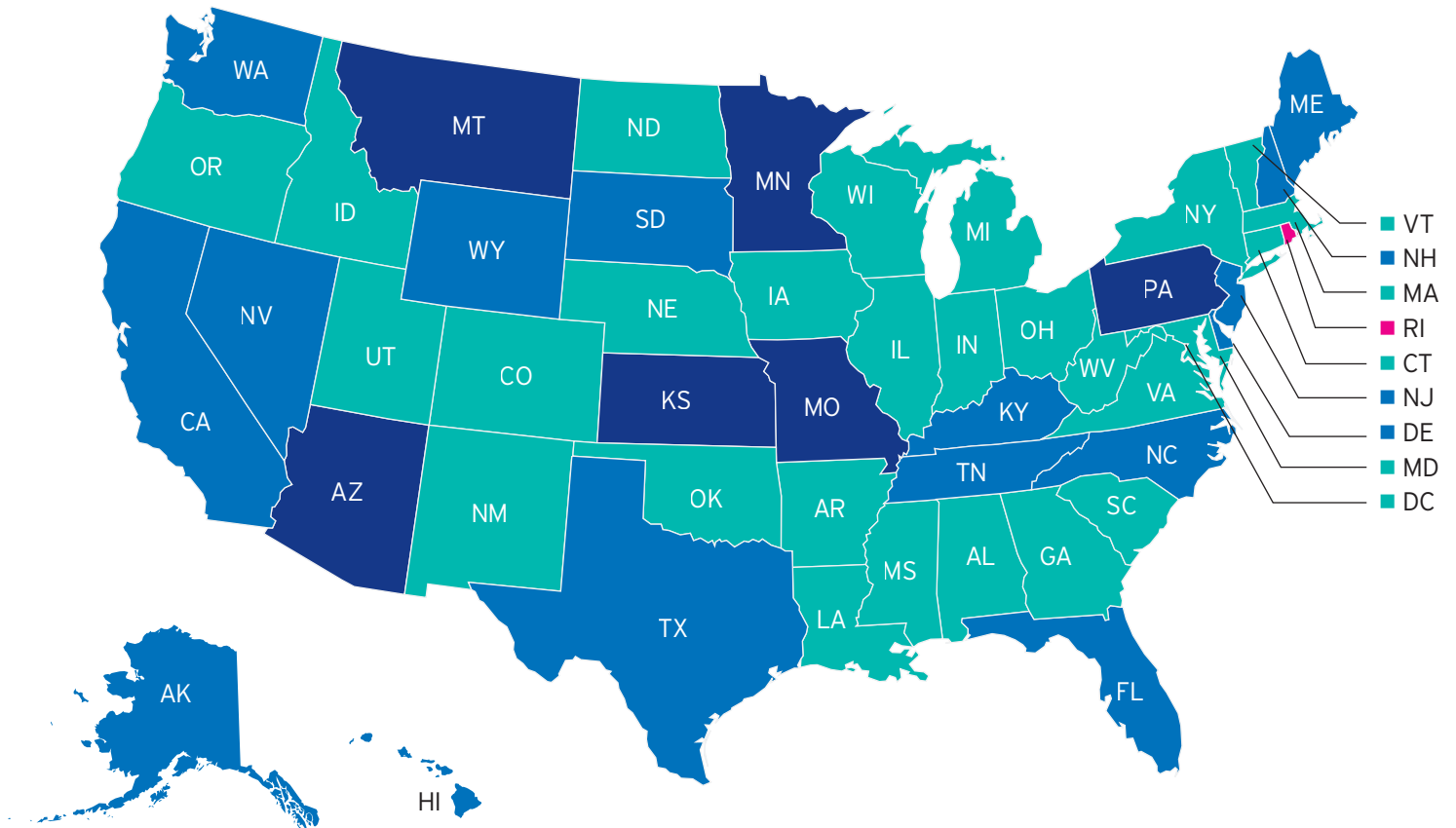
Ensuring your money can last from the first day of kindergarten to the last day of college requires a diligent and consistent saving strategy. Otherwise, families may find themselves with a shortage of college funds after using their savings on K-12 expenses. Talk to your financial advisor to be sure your saving strategy is tailored for your goals, and consult a tax advisor for specific questions about your federal and state taxes.



¹ Earnings on non-qualified withdrawals may be subject to federal income tax and a 10% federal tax penalty, as well as state and local income taxes. Tax and other benefits are contingent on meeting other requirements, and certain withdrawals are subject to federal, state and local taxes.

Things to consider when choosing a 529 plan

- **Tax-parity states.** States that offer a state tax deduction for contributing to 529 plans, including both in-state and out-of-state plans.
- **Tax-neutral states.** States that offer no state tax deduction for contributions to a 529 plan.
- **In-state tax benefit.** States that may allow potential state income tax breaks on contributions only to in-state 529 plans.
- **Program home state.** Rhode Island.



■ Tax-parity states ■ Tax-neutral states ■ In-state tax benefit ■ Program home state/In-state tax benefit

529 plan tax benefits by state, as of March 2018

State	Maximum annual state income tax benefit (\$)¹	Per beneficiary	Carry forward²	State tax rate (%)³	State tax savings (\$)³	Net tax savings (\$)³
Alabama	\$5,000 (I), \$10,000 (J)	No		5.00	500	315
Arizona	\$2,000 (I), \$4,000 (J)	No		4.54	182	114
Arkansas	\$5,000 (I), \$10,000 (J)	No	4 years	6.90	690	435
Colorado	Full contribution amount, to extent of taxable income	No		4.63	463	292
Connecticut	\$5,000 (I), \$10,000 (J)	No	5 years	6.99	699	440
Dist. of Columbia	\$4,000 (I), \$8,000 (J)	No	5 years	8.95	716	451
Georgia	\$2,000 (I), \$4,000 (J)	Yes		6.00	480	302
Idaho	\$6,000 (I), \$12,000 (J)	No		6.93	693	436
Illinois	\$10,000 (I), \$20,000 (J)	No		4.95	495	312
Indiana	20% tax credit on contributions up to \$5,000	No		3.23	1,000	630
Iowa	\$3,387 (I), \$6,774 (J)	Yes		8.98	898	566
Kansas	\$3,000 (I), \$6,000 (J)	Yes		5.70	570	359
Louisiana	\$2,400 (I), \$4,800 (J)	Yes	Unlimited	6.00	576	363
Maryland	\$2,500 (I), \$5,000 (J)	Yes	10 years	5.75	575	362
Massachusetts	\$1,000 (I), \$2,000 (J)	No		5.05	101	64
Michigan	\$5,000 (I), \$10,000 (J)	No		4.25	425	268
Minnesota	50% tax credit on contributions up to \$1,000 (I,J); Or a state deduction based on contributions of \$1,500 (I), \$3,000 (J) is also available	No		9.85	500	315
Mississippi	\$10,000 (I), \$20,000 (J)	No		5.00	500	315
Missouri	\$8,000 (I), \$16,000 (J)	No		5.40	540	340
Montana	\$3,000 (I), \$6,000 (J)	No		6.90	414	261
Nebraska	\$10,000 (I,J); \$5,000 if married filing separately	No		6.84	684	431
New Mexico	Full contribution amount	No		4.90	490	309
New York	\$5,000 (I), \$10,000 (J)	No		8.82	882	556
North Dakota	\$5,000 (I), \$10,000 (J)	No		2.90	290	183
Ohio	\$4,000 (I,J)	Yes	Unlimited	5.00	200	126
Oklahoma	\$10,000 (I), \$20,000 (J)	Yes	5 years	5.00	500	315
Oregon	\$2,435 (I), \$4,865 (J)	No	4 years	9.90	482	303
Pennsylvania	\$15,000 (I), \$30,000 (J)	Yes		3.07	307	193
Rhode Island	\$500 (I), \$1,000 (J)	No	Unlimited	5.99	60	38
South Carolina	Full contribution amount	No		7.00	700	441
Utah	5% tax credit on contributions up to \$1,960 (I), \$3,920 (J)	Yes		4.95	392	247
Vermont	10% tax credit on contributions up to \$2,500 (I), \$5,000 (J)	Yes		8.75	1,000	630
Virginia	\$4,000 (I,J); fully deductible if 70 or older	Yes (per acct)	Unlimited	6.50	520	328
West Virginia	Full contribution amount	No	5 years	6.50	650	410
Wisconsin	\$3,280 (I,J); \$1,640 if married filing separately/divorced	Yes	Unlimited	7.65	502	316

I = Filing individually, J = Filing jointly
Sources: Savingforcollege.com

- State tax deductions may be subject to recapture on non-qualified withdrawals and/or outbound rollovers in subsequent years. Review the applicable plan disclosure statements. Married couples may need to make their own contributions and/or to their own separate accounts in certain states. Contributions may be reduced by qualified withdrawals during the year for purposes of determining the amount that may be deducted in certain states. Contributions by a spouse may only be deductible if a joint return is filed in certain states. Spouses filing jointly may each need to have income generated up to the amount of the contribution made to claim the maximum (per beneficiary) deduction in certain states. Contributions to an account established after a beneficiary reaches a certain age may not be eligible for a deduction or credit. Contributions made by the account owner, a non-account owner who files a joint return with the account owner, or other non-account owner may be treated differently amongst the states regarding eligibility for deductions or credits and whom can apply it to their tax return. The deductibility of 529 plan contributions varies by state and is subject to legislative change. You should consult your tax advisor regarding your specific tax situation.
- Some states allow taxpayers who contribute above the maximum annual tax deduction to carry forward excess contributions to future state income tax returns.
- Assumes joint tax filers in the highest federal and state tax brackets are making \$10,000 in 529 plan contributions in 2019 based on having two eligible beneficiaries. Where 2019 contribution limits are unavailable, 2018 limits are shown. Certain states do not have 2019 tax brackets published at the time of this report and in these cases; previous year's rates are being utilized. If you itemize deductions, state tax savings in the year of the contribution may reduce your federal deduction for state taxes in the following year. Due to the Tax Cut and Jobs Act of 2017 (the "Act"), state and local income taxes together with property taxes are now capped at \$10,000. As a result, all or a portion of the itemized deduction for federal income tax resulting from 529 plan contributions may be lost thereby increasing your net of federal state tax savings. State conformity to the Act and potential tax law changes are pending in many states creating tax planning uncertainty. Data is as of February 2019. The deductibility of 529 plan contributions varies by state and is subject to legislative change without notice. You should consult your tax advisor regarding your specific tax situation.

Get the information you need

For more information, or to learn more about starting a CollegeBound 529 account for your children or grandchildren, contact your financial advisor or visit CollegeBound529.com.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.

For more information about CollegeBound 529, contact your financial advisor, call 877 615 4116, or visit collegebound529.com to obtain a Program Description, which includes investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing. Invesco Distributors, Inc. is the distributor of CollegeBound 529.

An investment in the Portfolios is subject to risks including: investment risks of the Portfolios which are described in the Program Description; the risk (a) of losing money over short or even long periods; (b) of changes to CollegeBound 529, including changes in fees; (c) of federal or state tax law changes; and (d) that contributions to CollegeBound 529 may adversely affect the eligibility of the Beneficiary or the Account Owner for financial aid or other benefits.

For a detailed description of the risks associated with CollegeBound 529, and the risks associated with the Portfolios and the Underlying Funds, please refer to the Program Description.

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