CollegeBound 529

529 plans for parents of multiple children: One account or multiple?

Parents attempting to pay for just one child to go to college know the challenges of making sure all their expenses are covered. Parents with multiple children may have double, if not triple, the challenge in figuring out the best way to accomplish their college savings goals.

Once a 529 college savings plan has been selected, the next big decision typically involves whether to use one account for multiple children or a separate account for each child.

The decision for parents with multiple children

A multiple account strategy is fairly straightforward: Simply establish an account for each child. With a single account strategy, the idea is to make the oldest child the beneficiary, then after that child has finished school and taken all necessary withdrawals, change the beneficiary to the next oldest child.

There are pros and cons to both strategies. Outlined below are some of the options parents may want to consider.

Considerations for single or multiple accounts

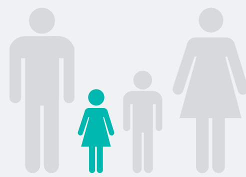
Single 529 account	**Multiple, separate 529 accounts**
529s only allow one beneficiary at a time. If the children are less than four years apart, they may need college funds at the same time. Any distributions made for the non-beneficiary will be subject to a 10% penalty as well as federal, state and local taxes.	Parents can track the funds of each child, limiting the possibility of the oldest child's education possibly depleting the bulk of the savings in a single account approach.
Opening a single account for multiple children may involve less paperwork and fees, and may be the simplest way to start saving, but it may also limit the maximum that can be contributed per beneficiary to avoid the gift tax.	529 plans are quite flexible: Account owners have the ability to rollover funds from one account to another every 12 months. If the older child has money left over in their account after all qualified expenses have been paid, the account owner can either roll the funds over to the other child's account or can change the beneficiary on the account.[1]
The typical investment glide path – more growth-oriented in the early years and more conservative as the child gets older – becomes more complicated when planning for multiple children with different time horizons.	It may be easier for parents to use different investment approaches to meet the needs of each child. For example, parents may decide on a more growth-oriented investment mix for their young child given a longer time horizon, while choosing a more conservative approach for an older child.

How much will your family need for college?

If the average college education today costs $20,090 per year for an in-state, four-year public school, and college tuition and fees continue to increase over 3% annually[2], what might it cost to send all of your children to school?

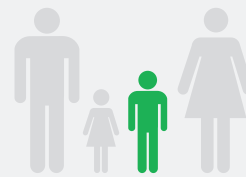
A three year age difference could result in $4,560 more in education expenses for the second child over a four-year period

2 year old child's cost of college



At 18: $27,470 x 4 years = $109,880

5 year old child's cost of college



At 18: $26,330 x 4 years = $105,320

For a family with children ages two and five, the average cost at 18 years old would be $27,470 and $26,330 per year at an in-state public school, respectively.

This hypothetical example is for illustrative purposes only.

It's never too late to start saving

Your financial professional can help you get started and stay on course with the most appropriate investment choices for your family and your time horizon. In addition, your financial professional can explain implications for taxes and financial aid eligibility, offer guidance about qualified expenses and withdrawals, and help you maximize the benefit of having a CollegeBound 529.

To learn more about starting a CollegeBound 529 for your children, visit collegebound529.com.

1 See Program Description for details and definitions of who qualifies as a member of the same family
2 Source: collegeboard.org, Trends in College Pricing 2018

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 benefits 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 www.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.

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