

# CollegeBound 529



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.



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

529 plans offer advantages such as tax-deferred earnings growth and tax-free qualified withdrawals.<sup>1</sup> 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.<sup>1</sup>

Already have a 529 account? Existing 529 accounts can be rolled into the CollegeBound 529 Plan.

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.





## **Using a 529 plan for K–12 costs, student loan repayment, and registered apprenticeship programs**

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 withdrawals<sup>1</sup> 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.

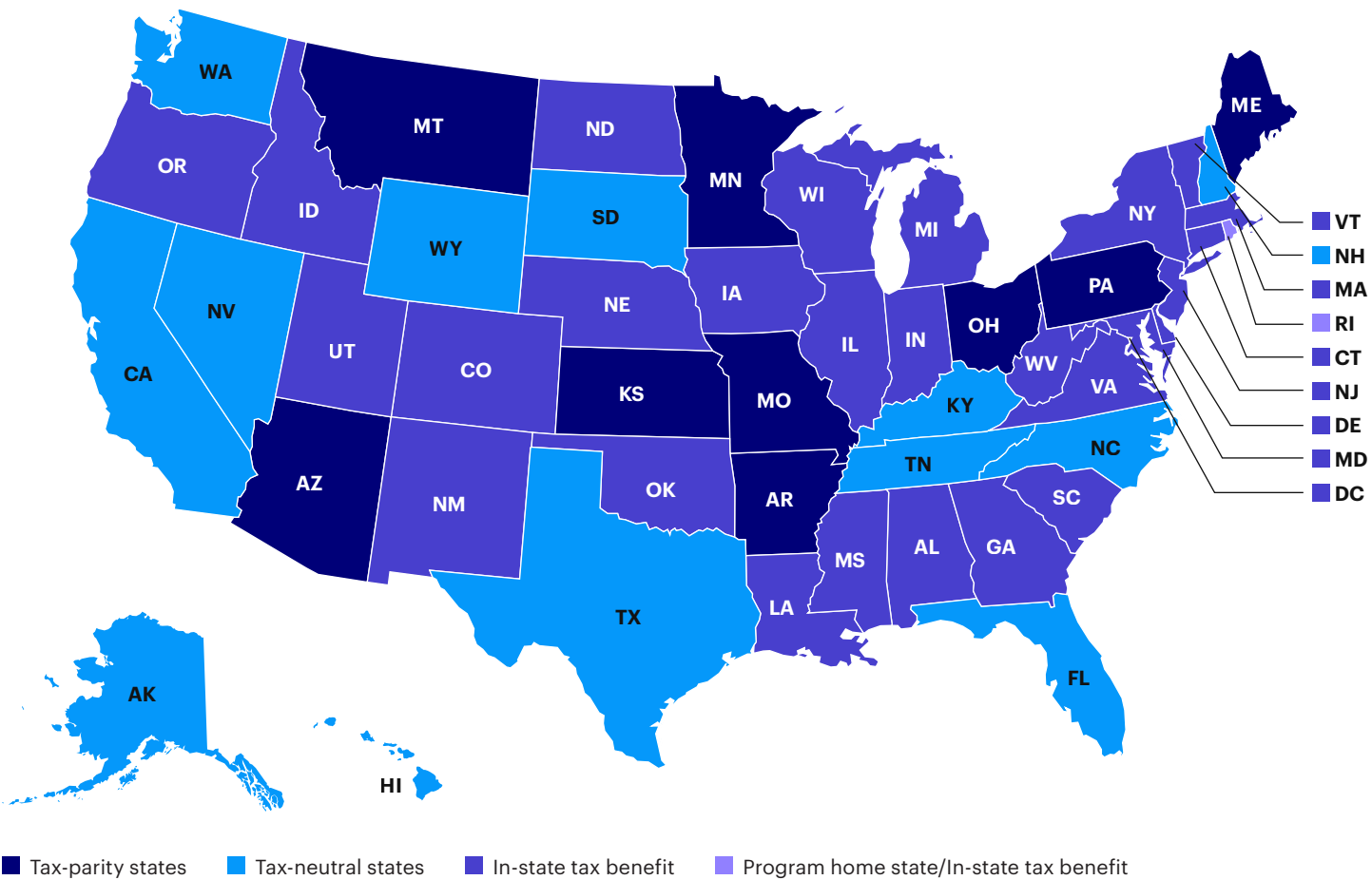
As a result of the SECURE Act, 529 plan holders can now withdraw any remaining savings to put toward their own student loan debt or that of their children or grandchildren. The law includes an aggregate lifetime limit of \$10,000 in qualified student loan repayments per 529 plan beneficiary and \$10,000 for each of the beneficiary's siblings.

Not attending a traditional college will no longer have an impact on 529 funding as plans can now also be used for expenses related to apprenticeship programs. This also applies to vocational programs and trade schools that are registered with the federal Department of Labor. Eligible expenses may include textbooks, fees, equipment, and other supplies required for a registered apprenticeship.

Talk to your financial professional 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.

# Things to consider when choosing a 529 plan

Tax-Parity States	Tax-Neutral States	In-State Tax Benefit	Program Home State
States that offer a state tax deduction for contributing to 529 plans, including both in-state and out-of-state plans <sup>1</sup>	States that offer no state tax deduction for contributions to a 529 plan	States that may allow potential state income tax breaks on contributions only to in-state 529 plan	Rhode Island
<ul style="list-style-type: none"><li>• Arizona</li><li>• Arkansas</li><li>• Kansas</li><li>• Maine</li><li>• Minnesota</li><li>• Missouri</li><li>• Montana</li><li>• Ohio</li><li>• Pennsylvania</li></ul>	<ul style="list-style-type: none"><li>• Alaska</li><li>• California</li><li>• Florida</li><li>• Hawaii</li><li>• Kentucky</li><li>• Nevada</li><li>• New Hampshire</li><li>• North Carolina</li><li>• South Dakota</li><li>• Tennessee</li><li>• Texas</li><li>• Washington</li><li>• Wyoming</li></ul>	<div><ul style="list-style-type: none"><li>• Alabama</li><li>• Colorado</li><li>• Connecticut</li><li>• Delaware</li><li>• Georgia</li><li>• Idaho</li><li>• Illinois</li><li>• Indiana</li><li>• Iowa</li><li>• Louisiana</li><li>• Maryland</li><li>• Massachusetts</li><li>• Michigan</li><li>• Mississippi</li></ul><ul style="list-style-type: none"><li>• Nebraska</li><li>• New Jersey</li><li>• New Mexico</li><li>• New York</li><li>• North Dakota</li><li>• Oklahoma</li><li>• Oregon</li><li>• Rhode Island</li><li>• South Carolina</li><li>• Utah</li><li>• Vermont</li><li>• Virginia</li><li>• West Virginia</li><li>• Wisconsin</li></ul></div>	



1. Data is as of January 2024. 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.

## 529 plan tax benefits by state

(as of January 2024)

State	Maximum Annual State Income Tax Benefit (\$) <sup>1</sup>	Per Beneficiary	Carry Forward <sup>2</sup>	State Tax Rate (%) <sup>3</sup>
Alabama	\$5,000 (I), \$10,000 (J)	No		5.00
Arizona	\$2,000 (I), \$4,000 (J)	No		2.50
Arkansas	\$5,000 (I), \$10,000 (J) for Arkansas 529 plan \$3,000 (I), \$6,000 (J) for Non-Arkansas plan	No	4 years	4.40
Colorado	\$22,700 (I), \$34,000 (J)	Yes		4.40
Connecticut	\$5,000 (I), \$10,000 (J)	No	5 years	6.99
Delaware	\$1,000 (I), \$2,000 (J) for residents with gross income less than \$100,000 (or \$200,000 joint)	No		6.60
Dist. of Columbia	\$4,000 (I), \$8,000 (J)	No	5 years	10.75
Georgia	\$4,000 (I), \$8,000 (J)	Yes		5.49
Idaho	\$6,000 (I), \$12,000 (J)	No		5.80
Illinois	\$10,000 (I), \$20,000 (J)	No		4.95
Indiana	20% tax credit on contributions up to \$750 (I), \$1,500 (J)	No		3.05
Iowa	\$4,028 (I), \$8,056 (J)	Yes		5.70
Kansas	\$3,000 (I), \$6,000 (J)	Yes		5.70
Louisiana	\$2,400 (I), \$4,800 (J)	Yes	Unlimited	4.25
Maine	\$1,000 (I) (J)	No		7.15
Maryland	\$2,500 (I), \$5,000 (J)	Yes	10 years	5.75
Massachusetts	\$1,000 (I), \$2,000 (J)	No		9.00
Michigan	\$5,000 (I), \$10,000 (J)	No		4.25
Minnesota	\$1,500 (I), \$3,000 (J) The state also offers up to a \$500 tax credit for tax payers below certain income levels that can be used instead of a state tax deduction	No		9.85
Mississippi	\$10,000 (I), \$20,000 (J)	No		4.70
Missouri	\$8,000 (I), \$16,000 (J)	No		4.80
Montana	\$3,000 (I), \$6,000 (J)	No		5.90
Nebraska	\$5,000 (I), \$10,000 (J)	No		5.84
New Jersey	\$10,000 (I), \$20,000 (J) for NJ taxpayers with gross income of \$200,000 or less	No		10.75
New Mexico	Full contribution amount	No		5.90
New York	\$5,000 (I), \$10,000 (J)	No		10.90
North Dakota	\$5,000 (I), \$10,000 (J)	No		2.90
Ohio	\$4,000 (I,J)	Yes	Unlimited	3.50
Oklahoma	\$10,000 (I), \$20,000 (J)	No	5 years	4.75
Oregon	\$150 (I), \$300 (J) tax credit for filers with gross income of \$30,000 or less	No	Credit	9.90
Pennsylvania	\$18,000 (I), \$36,000 (J)	Yes		3.07
Rhode Island	\$500 (I), \$1,000 (J)	No	Unlimited	5.99
South Carolina	Full contribution amount	No		6.40
Utah	4.65% tax credit on contributions up to \$2,290 (I), \$4,580 (J), maximum credit is \$106.49, 212.97	Yes		4.65
Vermont	10% tax credit on contributions up to \$2,500 (I), \$5,000 (J), maximum credit is \$250, \$500	Yes		8.75
Virginia	\$4,000 (I,J); fully deductible if age 70 or older	Yes (per acct)	Unlimited	5.75
West Virginia	Full contribution amount	No		6.50
Wisconsin	\$2,000 (I), \$4,000 (J)	Yes	Unlimited	7.65

I = Filing individually, J = Filing jointly

Sources: Savingforcollege.com, TaxFoundation.org: <https://taxfoundation.org/data/all/state/2024-sales-taxes/>

1. 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 who 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.
2. Some states allow taxpayers who contribute above the maximum annual tax deduction to carry forward excess contributions to future state income tax returns.
3. Assumes joint tax filers in the highest federal and state tax brackets are making \$10,000 in 529 plan contributions in 2024 based on having two eligible beneficiaries. Where 2024 contribution limits are unavailable, 2023 limits are shown. Certain states do not have 2024 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 2018 (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.





---

**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 professional, call 877-615-4116, or visit [collegebound529.com](http://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.**

CollegeBound 529 is administered by the Rhode Island Office of the General Treasurer and the Rhode Island State Investment Commission. Ascensus College Savings Recordkeeping Services, LLC, the Program Manager, and its affiliates have overall responsibility for the day-to-day operations of CollegeBound 529, including recordkeeping and administrative services. Invesco Advisers, Inc. serves as the Investment Manager. Invesco Distributors, Inc. markets and distributes CollegeBound 529.

None of the State of Rhode Island, its agencies, Invesco Distributors, Inc., Ascensus College Savings Recordkeeping Services, LLC, nor any of their applicable affiliates provide legal or tax advice. This information is provided for general educational purposes only and is not to be considered legal or tax advice. Investors should consult with their legal or tax advisors for personalized assistance, including information regarding any specific state law requirements.

Note: Not all products, materials or services are available at all firms. Financial professionals, please contact your home office.