

# **BIG NEWS! THE 529 PLAN CAN NOW BE USED FOR CHEROKEE CHRISTIAN!**

The 529 plan which was previously only for college savings, has now been extended to include private school tuition and other costs! Here are some quick bullet points on 529 plans as it now applies to private schools:

- **Investments within the 529 Plan grow tax free.**
- **Withdrawals from a 529 plan used to pay eligible expenses are not subject to federal income tax.**
- **You may spend up to \$10,000 per beneficiary (this is the term used for the student) annually on eligible expenses. Tuition, fees, books, and related tech expenses are considered to be eligible expenses.**
- **Anyone (parent, relative, friend) can open a 529 for another person.**
- **There are no income restrictions that apply to the contributor or the beneficiary.**
- **The funds may be used to pay for eligible expenses at any eligible educational institution.**
- **You may choose to buy a 529 plan in another state, so compare carefully.**

The Georgia 529 Plan is recommended by Clark Howard and is called “The Georgia Path2College 529 Plan” and these highlights are specific to the Georgia program:

- **The Georgia Path2College 529 plan has no annual contribution limit. (see Estate Tax Planning Benefits below.)**
- **The maximum account balance cannot be more than \$235,000 for the same beneficiary.**
- **Georgia taxpayers may deduct contributions from their state income tax return up to \$4,000 per beneficiary per year if married and filing jointly, or \$2,000 per beneficiary per year if filing single.**
- **Contributions made by the tax deduction deadline (typically April 15) are eligible for a deduction on the preceding year’s tax return.**
- **Estate Tax Planning Benefits- There’s another tax advantage unique to the 529 plan. There’s no federal gift tax on contributions up to \$15,000 per year for single filers and \$30,000 for married filers. There’s even an option to gift amounts up to \$75,000 for single filers and up to \$150,000 for married filers if prorated over five years. This means you could make a one-time gift equivalent to the five-year amount and it could all qualify for the federal gift tax exclusion.**

**IMPORTANT NOTE:** This information is intended to introduce you to 529 plans and should not be construed as financial advice. Please consult your tax advisor before making decisions