

HOW TO START SAVING FOR COLLEGE

3

accounts that can help you **reach your goals**

Saving for post-secondary education can feel intimidating, but it doesn't have to be. You've got plenty of ways to start saving for your or your loved one's education — and these three accounts can help.

01

COVERDELL EDUCATION SAVINGS ACCOUNTS (CESAS)

CESAs are tax-advantaged trust accounts that help families save for education.



Savings can generate interest and capital gains tax-free



Qualified withdrawals (for tuition, textbooks and other qualified educational expenses) are tax-free



Can help fund K-12 or post-secondary education

Max contribution: \$2,000 per beneficiary per year

02

529 PLANS

529 plans also offer significant tax advantages, including the possibility to deduct contributions to the account from your taxable income.



May be able to reduce taxable income by deducting contributions to the plan



Savings generate interest and can generate returns in the stock market tax-free



Qualified withdrawals are tax-free

Max contribution across all 529 plans: Varies by state

New York

\$520,000

per beneficiary

Pennsylvania

\$511,758

per beneficiary

Ohio

\$555,000

per beneficiary

Indiana

\$450,000

per beneficiary

03

UGMA AND UTMA ACCOUNTS

Uniform Gift to Minors Account (UGMA) or Uniform Transfer to Minors Account (UTMA) are savings accounts that put flexibility first.



Parents may bypass gift tax by storing funds in a UGMA or UTMA, so more savings go to the beneficiary



Interest or returns in these accounts are subject to capital gains tax



Once the child gains access to the trust, they can spend the funds however they wish

Max contribution: No limit

BUILD YOUR EDUCATION SAVINGS WITH CONFIDENCE USING THE RIGHT ACCOUNTS

Our team of financial experts can help you determine which account works best for your educational savings goals.

Visit your local financial center today.



Northwest Bank

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