



ALLIANT ADVISORS

FIND DIRECTION



The Navigator

Important Markers To Guide Your Way

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Welcome! At Alliant Advisors we have the passion to help our clients Find Direction for both business and personal goals. To support this promise we will continue to send you bits of helpful and useful information through e-mail to keep you up to date on any current changes, due date reminders or other information that may be relevant to your specific needs.

We hope you will enjoy and value this information. If you do not wish to receive this information by email please respond to this message and we will remove you from our list. For more information about any aspect of our services, visit www.alliant-advisors.com or call your local office.

The Alliant Team

Build up college savings tax-free with Section 529 plans

Participants in state-sponsored qualified tuition programs, commonly called "Section 529 plans," are also big beneficiaries of the 2001 Tax Act. Under these college savings arrangements, parents can fund the account and name a college-bound child as the account beneficiary. Most plans now encourage out-of-state investors and accept lump-sum payments of at least \$200,000. Or, parents can fund the account in installments.

Most college savings plans also allow several investment options, including equity mutual funds. Withdrawals can be taken to cover college expenses at any accredited institution in the country.

Thanks to the 2001 act, earnings in Section 529 College savings accounts are allowed to build up tax-free, and they can be withdrawn tax-free to pay college expenses. (Under the old rules, account earnings were just tax deferred rather than tax-free.) Originally, the provision allowing tax-free distributions was scheduled to "sunset" after 2010, but was made permanent.

Bottom line: Section 529 plans are now an almost irresistibly attractive way for parents to stash away money for college. If you can afford to make substantial contributions to a Section 529 account while your kids are still young, the tax advantages should sharply reduce the amount needed to fully fund their educations. The generous tax benefits are available regardless of your income.
