

Education Funding Comparison Chart

	Coverdell Education Savings Account	UTMA Custodial Account	529 Savings Plan
What is it?	<ul style="list-style-type: none"> An education fund set up for a beneficiary. 	<ul style="list-style-type: none"> You designate yourself or another adult to act as "custodian" for the account. 	<ul style="list-style-type: none"> Qualified State Tuition Program designed to help families save for future higher education costs.
Tax treatment	<ul style="list-style-type: none"> Earnings and qualified withdrawals are federally tax-free for primary, secondary, or higher education. 	<ul style="list-style-type: none"> First \$750 in income not taxed If under age 14, next \$750 taxed at child's rate and balance taxed at the child's rate. Withdrawals are taxable. 	<ul style="list-style-type: none"> Earnings and withdrawals are federally tax-free if used for qualified higher education expenses. Generally, money not used for higher education is taxed at owner's top rate and subject to a 10% penalty.
Contribution limit	\$2,000 a year	None	<ul style="list-style-type: none"> Varies by state Maximum account value can be \$300,000 or more
Impact on financial aid	Considered a student asset.	Considered a student asset.	Considered owner's asset.
Account control	You have authority over the account until the child reaches majority age.	You have authority over the account until the child reaches majority age.	You have authority over the account, even after the child reaches majority age.
Transferability	You may change the beneficiary at any time.	The account must remain in the original beneficiary's name.	You may change the beneficiary once per year.
Account minimums	\$500	\$500	N/A
Fees & Expenses	\$15 annual fee	No fee	N/A

Note: The federal tax exemption for earnings on qualified 529 plans is scheduled to expire on December 31, 2010, unless extended by Congress.