



I am proud to announce a series of articles from Jean Chatzky, developed exclusively for our members. She is a personal finance columnist, financial editor of NBC's TODAY show, and AARP's personal finance ambassador. I hope these articles provide you with insights and information to help you achieve your financial goals.

## Help with Life's Big Financial Decisions

Life events often reshape your financial picture. Professional Financial Planning can help you focus on long-term savings so that you can provide a bright future for your family.

### Funding a College Education

Giving your child the advantages of a well-funded education should start early. According to The College Board, the average cost for one year of tuition, fees, room and board totals \$22,180 for in-state students at four-year public colleges. At a four-year private school, the average cost is more than double that.

While grants, financial aid and loans can lower your out-of-pocket costs, getting a degree with less debt will give your child a head start on a financially stable adult life. What is one of the best ways to save for college expenses? Let us answer some of the most common questions about 529 Savings Plans.

### What are 529 Savings Plans?

529 Savings Plans are tax-advantaged, state-sponsored education savings accounts named for the provision in the tax-code that authorized them.

### How do 529 Savings Plans work?

529 Savings Plans work similarly to Roth Individual Retirement Accounts (IRAs):

- Set up an account with a beneficiary
- Contribute money and grow your savings tax-free
- Pay no additional taxes when you withdraw funds for qualified education expenses
- Transfer the account to another child or family member without tax consequences
- Incur a 10% penalty on earnings if you withdraw funds for non-qualified expenses

### Is it a qualified education expense?

Type of Expense	Is it a qualified education expense?	
	K-12	College
Tuition and fees	Up to \$10,000/yr	Yes
Room and board	No	Yes
Books and supplies	No	Yes
Computer & Internet	No	Yes
Student loans	N/A	\$10,000 lifetime limit
Transportation costs	No	No
Health insurance	No	No
Extracurricular activities	No	No

### Who can own a 529 Savings Plan?

Anyone—a parent, grandparent or child—can own a 529 Savings Plan, and anyone can be the beneficiary of that plan. If you are planning to continue your own education, you can open a 529 for yourself.

### How do 529 Savings Plans compare?

529 Savings Plans can be complex and difficult to compare, even for experienced investors. Four basic things differentiate 529 Savings Plans:

- Contribution limits
- Investment options, such as risk- and age-based portfolios
- Fees and expenses, such as fund management fees and broker commissions
- Benefits, such as state tax deductions or matching grants

### How do you make the most of this account?

You can set up your account to make automatic contributions on a monthly basis. Select an amount you can afford today. You can revisit the amount regularly with your advisor to decide if you can increase it.

Finally, spread the word. Let every family member and friend who might want to give your child a gift know that the plan exists and encourage contributions in lieu of other things. Over time, those contributions will certainly add up.

### How do you get started?

Financial planning is more than saving for retirement, it can help you achieve your goals at every life stage. Contact a Financial Advisor at Firehouse Financial, available through CUSO Financial Services, L.P. (CFS)\*, to help you estimate how much you need to save to reach your goals and assist you in selecting the right plan.

### We are here to help

Call us anytime if you have specific questions about your unique situation. You can reach us at 800-231-1626 or visit us online at FirefightersFirstCU.org.



Sincerely,  
Dixie Abramian  
President/CEO