

# COLLEGE SAVINGS MADE SIMPLE

## WHAT IS A 529?

A smart, tax-advantaged way to save for college! Where you save and invest your hard-earned dollars matters, and the Minnesota 529 College Savings Plan can make saving for higher education easy.

## MNSAVES OFFERS MANY ADVANTAGES:

- **MN TAX DEDUCTION.** Minnesota taxpayers can reduce their state taxable income up to \$3,000 if married filing jointly (\$1,500 filing single) for contributions made into a Minnesota College Savings Plan, or may be eligible for maximum credit amount up to \$500, subject to phase-out based on certain federal adjusted gross income thresholds.
- **TAX-FREE.** Contributions grow tax-deferred, and withdrawals are tax-free when the money is used for qualified higher education expenses.
- **FLEXIBLE.** Funds can be used at eligible schools nationwide and abroad.
- **GIFTING.** You do not need to do this alone—family and friends can help by gifting to a child's MNSAVES account at birthdays, graduations, holidays, or just because. Minnesota taxpayers may be eligible for the state income tax deduction or tax credit.
- **VALUABLE.** 529s can be used to cover a range of expenses, including tuition, certain room and board, books, required equipment, fees and computers.



Upcoming events



**mnsaves**

MINNESOTA 529  
COLLEGE SAVINGS PLAN

[mnsaves.org](https://mnsaves.org) | 877.338.4646

For questions about the Minnesota 529 College Savings Plan or establishing your college savings payroll contributions, contact Emmanuel Torres.

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Hablamos Español



# Common Questions About 529 Plans

## Can the money be used for programs beyond just a traditional 4-year degree?

Yes, funds from your 529 plan can be used to send your kids, grandkids, loved ones, or even yourself to any eligible college, university, technical college, professional certifications, apprenticeships, graduate and post-graduate programs, and some qualifying international institutions.

## Do I have to open a 529 account in the state where my child will attend college?

You can invest your money in almost any state's 529 plan, the majority of which have no residency requirements. Before investing in a particular plan, you should consider whether the state in which you or your designated beneficiary resides or has taxable income offers any specific benefits. Minnesota offers joint filers a generous state tax deduction of up to \$3,000 per year or a tax credit.

## How do 529 funds affect financial aid?

Actually, since 529 assets are typically treated as belonging to the parent (or grandparent, etc.), 529 funds count less in financial aid calculations than assets held in the child's name. For additional information, visit [Studentaid.gov](http://Studentaid.gov) and check with the schools you are considering.

## Does my child gain control of my money when he or she goes to college?

No, you as the account owner are always in charge. This means you control the funds in any 529 account you open. The beneficiary cannot withdraw money, change your investment selection(s), or make any other changes to your account.

## What if my child or loved one decides not to attend a post-secondary program?

1. Keep the account in case the beneficiary changes his or her mind.
2. Change the beneficiary to an eligible family member.
3. Unused 529 funds may be rolled over to a Roth IRA, free from federal taxes, in the name of the beneficiary of the 529 Plan. There are a number of conditions that must be met including the 529 Plan must have been in existence for at least 15 years. For Minnesota taxpayers, these withdrawals are subject to recapture of tax deduction/credit, state income tax as well as penalties. You should talk to a qualified professional about how tax provisions affect your circumstances.
4. Make a nonqualified withdrawal. You can withdraw your principal without a penalty, but any earnings will be subject to applicable state and federal taxes, plus a 10% federal penalty.

## What if my child or loved one gets a full or partial scholarship?

You can withdraw funds up to the scholarship amount without any penalty. However, you may have federal and sometimes state income taxes on the earnings portion of the withdrawal.

To learn more about the Minnesota 529 College Savings Plan, its investment objectives, risks, charges and expenses please see the Plan Description at [mnsaves.org](http://mnsaves.org). Read it carefully. Investments in the Plan are neither insured nor guaranteed and there is the risk of investment loss. TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, distributor and underwriter for the Minnesota College Savings Plan. Prior to investing, check with your home state to learn if it offers tax or other benefits such as financial aid, scholarship funds or protection from creditors for investing in its own 529 plan.



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