# **Iowa 529 Savings Plan Information**

* What is a 529 Savings Plan?
  + 529 plan is a type of tax-free investment account you can use to save for college expenses, and starting January 1, 2018 for K-12 tuition.
* Who can open a 529 plan account?
  + Parents, grandparents, other relatives, friends, etc. The account owner chooses a beneficiary.
* How do I set up an Iowa 529 Plan?
  + Go to: <https://www.collegesavingsiowa.com/iatpl/uii529enroll/gettingStarted.do>
* How much can I contribute to an Iowa 529 Savings Plan and get an Iowa tax deduction?
  + For 2018, each account holder can deduct up to $3,319. It must be an Iowa 529 plan to get the deduction.
  + Example: Husband & wife have 3 kids
    - Husband could have 3 accounts, and could contribute and deduct up to $3,319 to each account.
    - Wife could have 3 accounts, and could contribute and deduct up to $3,319 to each account.
* When can I contribute?
  + Contributions can be made up to the Iowa tax filing deadline, which is generally April 30.
  + Account owners can set up recurring contributions with as little as $25 for each contribution.
* How do I take money out of this account?
  + Log into the owner’s account & select “make withdrawal”
  + It takes about 10 business days to get money from a 529 plan to the owner’s bank account or school.
* How much can I take out of this account tax-free each year for K-12 tuition?
  + $10,000 per year per student can be withdrawn free of tax for students K-12.
  + Beneficiary must attend an accredited elementary or secondary school in the state of Iowa.
* How much would I save on my tax return?
  + No deduction on federal tax return, but earnings grow federal tax-free.
  + Deduction on Iowa tax return would save based on the tax bracket the account owner is in (up to 8.98%). Example: $3,319 x 8.98% = $298 tax savings.
* Can I claim the $250 tuition & textbook credit using funds withdrawn tax-free from a 529 plan?
  + Yes, per discussions with our congressmen, but we are still waiting on further guidance from the Iowa Department of Revenue.
* See the attached document from Iowa Alliance for Choice in Education for more information.