

Education Savings Investment Comparison

Account Type	Max Contribution Each Year	Tax-Deductible	Tax-Deferred	Tax-Free Withdrawal	Withdrawal Penalty	Exceptions to Penalty	Control	Change Beneficiary	Federal Financial Aid	Mandatory Withdrawals
529 College Savings Plan	Up to aggregate balance limitations	No, but may be state tax deductible	Yes	Yes, for qualified education expenses	10% penalty and taxes on gains for nonqualified education expenses	No	Account owner control for the life of the account	Yes, to another member of beneficiary's family	Counted as asset of parent if owner is parent or dependent student	No
Coverdell Education Savings Account	\$2,000 per beneficiary before reaching age 18	No	Yes	Yes, for qualified education expenses	10% penalty and taxes on gains for nonqualified education expenses or unused dollars at age 30	No	Responsible individual maintains control until assets are distributed	Yes, to another member of beneficiary's family under age 30	Counted as asset of parent if owner is parent or dependent student	Must be fully withdrawn when beneficiary reaches age 30
Roth IRA	\$6,000 \$7,000 age 50+	No	Yes	Yes, after 59½ and Roth existed for 5+ years	10% penalty and taxes on withdrawals higher than contributions before 59½	Higher education costs; \$10,000 for 1 st home purchase; certain medical expenses	Account owner control	N/A	Not counted as assets; withdrawals are counted as financial aid income	No
UGMA / UTMA	Unlimited	No	No	No	No	N/A	Child assumes control at age of majority	No	Counted as asset of student	No

