



WA529 ESSENTIALS
Building a Child's Education Savings Plan



LET ME INTRODUCE MYSELF



Presenter: Jackie Ferrado
Associate Director for Community Engagement

jackief@wsac.wa.gov

360.485.1198

Webinar Agenda

WA529 Essentials: Building a child's education savings plan

- 529 Plan overview and highlights.
- Washington's Plans – Prepaid and Investment.
- Opening accounts, taking distributions other FAQs.
- Tips for saving and other useful information.
- Additional resources.

Supporting Student Success

STUDENT SUCCESS

A child with a dedicated education savings account, such as a 529 plan, are more likely to graduate from high school and pursue additional education toward career and job training.

JOB AND CAREER OPPORTUNITIES

By the time a student hits the job market, 72% of job openings will require some level of education beyond high school.

REDUCE POTENTIAL STUDENT LOAN DEBT

Savings provides the opportunity to reduce the burden of excess student loan debt – which is now nationally over \$1.7 trillion.

The heart of 529s

- Earnings grow tax-free.
- Distributions remain tax-free when:
 - Funds are used for **qualified educational expenses.**
 - **Student attends an eligible educational institution,** nationwide and some schools abroad.



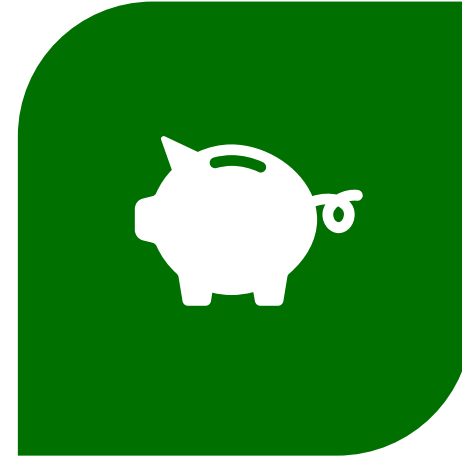
College Savings Plans Network (learn about 529 plans nationwide):

www.collegesavings.org

Types of 529 plans



PREPAID TUITION PLANS



INVESTMENT/SAVINGS PLANS

Qualified Educational Expenses

- ✓ Tuition
- ✓ Fees
- ✓ Room & Board
- ✓ Required books and supplies
- ✓ Computers, laptops & equipment
- ✓ Special needs
- ✓ Student Loans*



** Participation varies by state for Student Loan repayment.*

Eligible Education Institutions

- ✓ 4-year Colleges & Universities
- ✓ Community Colleges
- ✓ Technical & Vocational Schools
- ✓ Registered Apprenticeship Programs
- ✓ Public, Private, Religious K-12 tuition*



WA529 Plans - OVERVIEW

	529 Prepaid Plan	529 Investment Plan
Residency	At the time of enrollment, the student and/or the account owner must live in Washington state.	Account owners and students can have residency in any state, at anytime.
Enrollment Period	November 1 – May 31 annually	Enrollment is open year-round
Value	Value tied to tuition growth of the highest priced WA public University. The Guarantee	Value tied to investment performance
How it works	How GET Works – Unit based (100 units = 1 Year) <ul style="list-style-type: none"> • \$25 initial contribution • Annual Unit Price – purchase whole or partial units • Regular contributions build up units in account 	How Invest Works - Investment based <ul style="list-style-type: none"> • \$25 initial contribution • Investment performance changes periodically • Regular contributions build up account
Getting Started	Purchase units: <ul style="list-style-type: none"> - Decide how much and when you want to make contributions. - Decide how you want to make contributions (check, bill pay, payroll direct deposit, ACH). 	Choose an investment portfolio: <ul style="list-style-type: none"> - Age-based portfolio (self adjust) - Risk-based, fixed allocation portfolio - A combination of portfolios - Decide how you want to make contributions (check, bill pay, payroll direct deposit, ACH).
Minimums/Maximums	Lifetime maximum per beneficiary – 800 units Student beneficiary can use up to 200 units per academic year.	Maximum contribution is \$500,000 <i>(maximum limit includes contributions to WA529 INVEST only or a combination of both WA529 plans).</i>

Give a Gift

- Perfect gift for any occasion especially holidays, birthdays, baby shower and important milestones.
- Family and friends can send a contribution in a variety of ways.
 - Send a check or money order
 - Set up an auto payment through their bank or employer
 - Use their personal bill pay service. Visit [Give A Gift](#) for details.
- Gift Tax Exclusion for large contributions:
 - Up to \$19,000 a year, per beneficiary, are exempt from gift taxes (up to \$38,000 for married couples).
 - A lump-sum contribution of up to \$95,000 (\$190,000 if married) per beneficiary and then average the contribution over a five-year period without triggering the gift tax -- provided you make no other gifts to that beneficiary for the next five years.



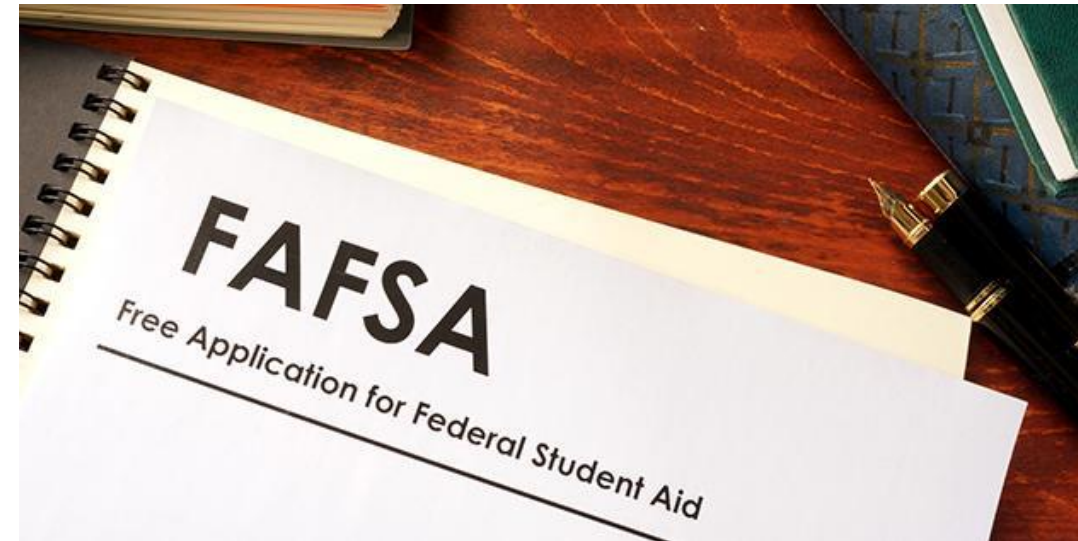
[Give a Gift](#)

Parent or Beneficiary is 529 plan account owner:

- Considered a parental asset.
 - Best outcome for need based financial aid eligibility.
 - Calculates up to 5.64% of the account value.
 - Beneficiary (student) is considered dependent.
 - [Read How Will My 529 Plan Affect My Financial Aid?](#)

Grandparent/or another person is 529 account owner:

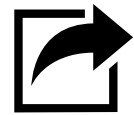
- New rules do not consider the funds as untaxed cash support.
 - CSS Profile may still consider it.
 - [Read more about updated FAFSA rules](#)



Ready to take a distribution



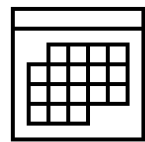
[Log in to your WA529 account](#)



Initiate a direct payment – funds go directly to the institution.



Initiate a reimbursement – funds go to the account owner or the student.



Distributions and expenses must occur in same calendar year.

[Pay for School](#)

Three most common questions

What if the student receives a scholarship?

Use for other expenses, hold and use another year, transfer to another family member, take a refund.

What if the student decides not to go to college?

Consider other education pathways, wait to use it, transfer to another family member, consider a rollover to a Roth IRA for the named beneficiary, or take a refund.

Can I refund my 529 account?

You can request a refund of your Prepaid or Investment account. Earnings will be taxable, and the IRS may assess an additional 10% penalty fee on earnings. Review the FAQs and Program Details Guide for each plan for specific details.



[Check for additional FAQs](#)



Have ready:

- Name, address, DOB and SSN for the intended Account Owner, Beneficiary and others.
- Plan choices.



Open an account online at 529.wa.gov.

- Select the prepaid plan or the investment plan.
- Complete enrollment and receive account number(s) confirmation.
- Receive welcome email with additional information.



Start Saving

- Set up scheduled contributions.
- [Tell](#) family and friends how they can help.
- Plan to review annually.

Diversity your savings efforts

Diversify savings with other options that complement your WA529 accounts

- Coverdell Education Savings Accounts (ESA)
- Custodial Accounts (UGMA or UTMA)
- Roth IRA
- Gerber Life
- Bank or Credit Union Savings Accounts

[Additional ways to Save](#)

Let's answer some questions



New WA529 website coming soon

The WA529 website will get a facelift in February! The new design will improve readability and make it easier for you to navigate around the site. When visiting the updated site, you will also notice a fresh new look for the GET logo.

Enhancements coming to DreamAhead

In addition to GET, WA529 offers families another way to save for education expenses – the DreamAhead College Investment Plan. On February 10, this investment-based 529 plan will transition to a new program manager (TIAA-CREF Tuition Financing, Inc.), bringing significant improvements including lower fees, a new investment lineup, and even a new name (WA529 Invest)! Learn more about the enhancements at WA529enhancements.com.



Additional Resources

Website Link	Site Details
Washington 529 Education Savings Plans (WA529)	Learn more about WA529 GET and WA529 INVEST.
Washington Student Achievement Council	State Financial Aid Administrator, Washington College Grant, College Bound Program, College and Career Compass, The Washboard, 12 th Year Campaign and more.
College Savings Plan Network	Independent source of all 529 plans nationwide.
IRS Publication 970, Chapter 7	Tax and benefits information, qualified expenses and more.
Federal School Code Search	Find the school code for eligible schools nationwide and abroad.
Apprenticeship Program Search, WA State	Find a registered Apprenticeship Program in Washington
Apprenticeship Program Search, Nationwide	Find a registered Apprenticeship Program Nationwide
FAFSA Changes and Grandparent Owned 529s	Grandparent 529 Plans Get A Boost From New FAFSA Form
Roth IRA Rollover Option (Secure 2.0 and your 529 Account).	Information about rolling unused 529 funds to a Roth IRA for the named beneficiary.

CONTACT US



800.955.2318

GETInfo@wsac.wa.gov



844.529.5845

www.dreamahead.wa.gov/contact-us



Jackie Ferrado, WA529 Associate Director for Community Engagement
JackieF@wsac.wa.gov, 360.764.9204 (cell) 360.485.1198 (office/message)

**WA529
Knowledge Cafe**



Virtual Learning Center
WA529Outreach@wsac.wa.gov
529.wa.gov/webinars

Visit the [WA529 Knowledge Café](#) for webinar information and registration, Q&A with WA529 sessions, and videos to learn more about each plan.

529 in **5** to **9**

No time for a webinar? Watch a short video in our “529 in 5 to 9 minutes” mini-series where we’ll answer some common questions about 529 plans in short bites.



Thank You

WA 529

Washington Education Savings Plans