

	Coverdell Education Savings Account	529 College Savings Plan	Traditional IRA	Roth IRA	UTMA / UGMA	Trust	Permanent Life Insurance
How much may be contributed?	\$2,000 per year, per student	Depends on the plan; some as high as \$250,000.	\$5,000 per year if individual has Earned Income; additional \$1,000 if Age 50 or older.	\$5,000 per year if individual has Earned Income; additional \$1,000 if Age 50 or older.	Unlimited ³	Unlimited ³	Premiums paid can vary and will depend on the amount of coverage purchased, age and health of insured.
Who has control?	Parent or Guardian until student reaches age of majority.	Account owner who is named by the donor.	Account owner.	Account owner.	Custodian who is named by the donor until student reaches age of majority.	Trustee who is named by the donor.	Contract owner.
Are there any tax benefits?	Tax-deferred growth, tax-free distributions if used for qualified education expenses.	Tax-deferred growth, tax-free distributions if used for qualified higher education expenses. Possible state tax benefits.	Tax-deferred growth. Contributions may be tax-deductible. Distributions taxable ² , and penalty if pre-59 ½.	Tax-deferred growth. Contributions distributed first, tax-free and penalty-free. Qualifying distributions are not subject to tax or penalty. Non-qualifying distributions of earnings subject to tax, and penalty if pre-59 ½.	Investment income may avoid taxation; subject to “kiddie tax” rules.	No.	Tax-deferred growth of the accumulated value, tax-free death benefits, and tax-free loans. ⁴
Which education expenses qualify?	In 2010, K-12 expenses for both public and private schools, and required expenses at accredited post-secondary institutions. Beginning in 2011, only required expenses at accredited post-secondary institutions.	Required expenses at accredited post-secondary institutions.	No requirement that funds be used for education. However, can avoid 10% premature distribution penalty on contributions and earnings if used to cover qualifying expenses for self, spouse, children, or grandchildren at accredited post-secondary institutions.	No requirement that funds be used for education. However, can avoid pre-59 ½ 10% premature distribution penalty on earnings if used to cover qualifying expenses for self, spouse, children, or grandchildren at accredited post-secondary institutions.	No requirement that funds be used for education.	Depends on Trust language.	No requirement that funds be used for education.
Does this asset impact Federal financial aid/assistance?	Yes, when child is owner of the account. ¹ Yes, when parent is owner of the account and amount exceeds asset-protection allowance. ¹	Yes, when child is owner of the account. ¹ Yes, when parent is owner of the account and amount exceeds asset-protection allowance. ¹	No.	No.	Yes, considered an asset of the child.	May, depending on the structure of the Trust.	No. Under current guidelines, life insurance cash value is not considered.

* Notes for Education Funding are an integral part of the chart, and are incorporated therein.



Please refer to IRS Publication 970 – Tax Benefits for Education – for additional information on Education Funding.

Tax-related information refers only to Federal tax; individual state tax information may vary.

- ¹ Higher Education Reconciliation Act of 2005.
- ² Any portion of a distribution that consists of after-tax contributions is exempt from tax upon distribution.
- ³ Contributions in excess of the Annual Gift Tax Exclusion [\$13,000 for 2010] will require a gift return and reduce the Lifetime Gift Tax Unified Credit Exemption.
- ⁴ Loans and surrenders will decrease the death proceeds and the cash surrender value available to pay insurance costs. Surrenders may generate an income tax liability. A significant taxable event could occur if a contract terminates with outstanding debt. Loaned values may accumulate at a lower rate than unloaned values.

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