Saving for college, the *tax-smart* way.

A 529 is the most tax-efficient way to save for education. The rules got more flexible in 2024 — and Ohio's plan has one of the better state tax deductions in the country. Here's what to know if you're saving for kids, grandkids, or anyone else.

1 WHAT A 529 IS, IN PLAIN ENGLISH

- **Money goes in after tax**, but earnings grow *federal- and state-tax-free*.
- **Withdrawals are tax-free** if used for qualified education expenses — tuition, fees, room & board, books, computers.
- **Ohio's plan is CollegeAdvantage** — administered by the state, broad fund lineup, low expenses.
- **You stay in control** as the account owner. The beneficiary doesn't own the money.

2 OHIO'S STATE TAX DEDUCTION

The deduction is per beneficiary — which means more children means more deduction.

FILING STATUS	ANNUAL DEDUCTION	2 BENEFICIARIES
Single	$4,000 per beneficiary	$8,000
Married Filing Jointly	$8,000 per beneficiary	$16,000

Excess contributions carry forward indefinitely. If you contribute $20,000 in one year for an MFJ family, you deduct $8,000 this year and the remaining $12,000 deducts in future years until used up.

3 SUPERFUNDING — FIVE YEARS AT ONCE

A 529-specific gift tax election lets you front-load five years of annual gifts into one contribution.

SINGLE CONTRIBUTOR

Up to $95,000 in one year (5 × $19,000 annual gift exclusion).

MARRIED, JOINT GIFTING

Up to $190,000 per beneficiary in one year.

WHY IT WORKS

Front-loaded money compounds tax-free for the maximum window. Especially powerful for grandparents.

THE TRADEOFF

No additional gifts to that beneficiary for 5 years without using lifetime exemption.

4 WHAT IF YOUR KID DOESN'T GO TO COLLEGE?

The biggest fear about 529s — and the most relaxed answer.

- **Change the beneficiary** to another family member — sibling, cousin, even yourself.
- **Roll up to $35,000 to a Roth IRA** for the beneficiary (lifetime limit, account must be 15+ years old) under SECURE 2.0.
- **Use it for K–12 tuition**, up to $10,000 per year.
- **Use it for apprenticeships** — registered programs qualify.
- **Pay off student loans**, up to $10,000 lifetime per beneficiary.
- **Take a non-qualified withdrawal** — income tax + 10% penalty on the *earnings*, not principal.

5 OTHER THINGS WORTH KNOWING

- **Open early.** Even $50 a month from a child's first birthday compounds for 18 years.
- **Grandparent-owned 529s** no longer count against financial aid on the FAFSA (rule changed in 2024).
- **Investment options** include age-based portfolios that get more conservative as the beneficiary nears college.
- **Tax-free transfers** between 529 plans are allowed once per 12-month period.

> **A NOTE FROM MPM**
>
> Whether to open a 529 at all — and how much to contribute — depends on your whole plan, not just the tax break. We'll model it against retirement savings and competing goals before you commit. The goal isn't to maximize the deduction. It's to fund the education without breaking the plan.

Sources: Ohio CollegeAdvantage 529 Plan (collegeadvantage.com); Ohio Treasurer of State; Ohio Revised Code § 5747.70 (state tax deduction); IRS Publication 970 (Tax Benefits for Education); Internal Revenue Code § 529. Confirm current figures before acting.