

## Saving for College

It is never too early to begin thinking about a 529 Plan (also known as a qualified tuition plan) for your child. A State-sponsored 529 College Savings plan can help your contributions grow tax-deferred with distributions being income tax-free if they are used for qualified education expenses. Each state has its own rules around deductibles, but 529 plans offer tax benefits and flexibility to families when it comes to higher education expenses. In Massachusetts, for example, contributions to a 529 plan are deductible in computing state taxable income, contributions grow tax-free, and there is no minimum to open an account. Anyone can contribute to a 529 account with a student beneficiary – a way for grandparents, aunts, uncles, anyone, to assist.

Most plans offer investment options like age-based portfolios--investing savings based on the age of the beneficiary and when he or she would be attending college. Other considerations when selecting a custodian for your 529 Plan are account management fees and plan performance. You can research all of this by reviewing the plan offering for the Plan you are considering.

Each State has its own types of college savings plans – many do not have residency requirements. For example, there are two available in Massachusetts—the U.Fund College Investing Plan, a direct sold 529 college savings plan managed by Fidelity Investments using Fidelity mutual funds; and the U.Plan Prepaid Tuition Program, offered by MEFA. The U.Plan is not a true 529 plan but issues Massachusetts general obligation bonds (federal and MA state tax-free) which will be accepted at participating Massachusetts institutions in payment of tuition. The State of New York offers a plan called *Direct Plan*. You can use this link to research the [plans available in your State](#).

Consider whether these steps to college savings make sense for your family:

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1. Take Advanced Placement (AP) classes – these are college-level courses and examinations offered from the College Board in many high schools. College and universities may grant placement and course credit to students who achieve a certain score on exams.
  2. Complete the FAFSA form as early as you can. It becomes available on October 1 during a student’s senior year and should be completed usually by February. Read more on the [FAFSA web site](#), where you will find comprehensive student and family checklists.
  3. Ask school counselors for the best resources for scholarships – apply for as many as you can. Many local groups offer very specific scholarships that relate to your student’s athletic or community interests.
- To learn more about college savings plans, you can also review [this article by the US Securities & Exchange Commission](#) at SEC.gov
  - Check out [this college savings calculator by Fidelity](#).

***If you have questions about saving for college, reach us at (833) 888-0534 x2 or [info@westbranchcapital.com](mailto:info@westbranchcapital.com)***

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