

Education planning at a glance

	Education IRA	UGMA/UTMA	Private Prepaid Tuition Plan	529 Savings Plan
Income limitations	AGI limits apply	None	None	None
Maximum yearly contribution per beneficiary	\$500	\$12,000 without exceeding the annual federal gift tax exclusion	\$12,000 without exceeding the annual federal gift tax exclusion	\$12,000 without exceeding the annual federal gift tax exclusion *
Account earnings	Tax-free if used for qualified expenses	Taxable	Tax-free	Tax-free
Ability to change beneficiaries	Yes	No	Yes	Yes
Control of withdrawals	Transfers to child when child reaches legal age	Transfers to child when child reaches legal age	Owner of account	Owner of account
Investment options	Wide range of securities	Wide range of securities	Tuition units guaranteed to match tuition inflation	Ready-made portfolios of securities
State tax deductible contributions	No	No	Varies by state	Varies by state
Qualified use of proceeds	Any accredited post-secondary school in the U.S.	Unlimited	Varies by state	Any accredited post-secondary school in the U.S.
Penalties for nonqualified withdrawal	10% penalty withheld on earnings	No	10% penalty withheld on earnings	10% penalty withheld on earnings ±
Taxation of qualified withdrawals	Tax-free	A portion may be Federal tax exempt, and some/all income may be taxed at child's rate	Earnings taxed at beneficiary's rate through 2003. Tax-free beginning in 2004.	Tax-free
Ownership of assets for financial aid purposes (may vary with private institutions)	Student	Student	Student	Owner

*The maximum contribution for the life of the account typically exceeds \$160,000 and varies by state.

± Beneficiary must file and pay income tax. Earnings on nonqualified withdrawals are subject to income tax and a 10% penalty.

This information should not be considered tax or investment advice. Numerous recent changes in the tax law have made college savings plans more accessible and attractive to many people. You should consider the place of various education-planning vehicles in the context of your overall financial plan with a financial and/or tax advisor. This guide, which is only a summary of various plan provisions, should not be treated as a substitute for such advice. This material must be preceded or accompanied by a plan-offering document. Please read this material carefully before making any investment decisions.