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Andy Bertke & Ryan Lauer

Ryan Lauer:

Turn to 529 plans now. These are savings accounts for education for children.

Andy, when it comes to these, how or who can contribute to 529 plans?

Andy Bertke:

Well, just about anyone can contribute for a particular recipient or beneficiary of the 529 plan.

Ryan Lauer:

Yeah. I mean, you've got grandparents, parents obviously generally are the ones setting it up, but grandparents, other family members. Again, friends or family that want to just contribute instead of sending birthday money, they can put it into a 529 plan as well. And again, these dollars are for being put in for a child's education one day down the road. So it used to be before the One Big Beautiful Bill that it could only be used for post-secondary education and that's changed.

Andy Bertke:

Yes. Today you can use it K through 12 plus post-secondary education, which is great.

Ryan Lauer:

Yeah, and that's huge. Now, some states even allow for a tax deduction, but it's very key on which state you're in and making sure to follow those rules. So making sure to report that properly on your tax return if it applies to you.

Andy, when it comes to the beneficiary, so who the account is actually for, are you able to change that in the event the child doesn't go to college or doesn't need it?

Andy Bertke:

Yes, you can. Yeah, great question because sometimes you may have hundreds of thousands of dollars in these accounts for a child to go to whatever university, however they get a scholarship. Now what do you do? Well, you can do a couple of things. One, they can have that money and they'll pay tax when they pull that money out, or that can be transferred to another child or future student.

Ryan Lauer:

Yeah. So I think we've seen maybe if parents put a lot of dollars in for their oldest child, they don't need them, they roll it right down to the next child.

Also, another somewhat new rule change as well. Up to $35,000 can be rolled into a Roth IRA subject to certain limitations, but that's a huge opportunity as well.

Andy Bertke:

Absolutely it is.

Ryan Lauer:

So again, these 529 plans, fantastic opportunity, especially if you start them at a young age for these children so they can be invested and grow for when they need them for future expenses, particularly thinking targeting for college age expenses.