

Wealth News

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Information from SACU and CFS* to help keep your financial life in balance

Consumer Sense

Rising Cost of Education

Saving for college can be a task that seems overwhelming, and even more so with the current economic status. In a survey conducted by the [Public Policy Institute of California](#), 50 percent of parents are worried about being able to afford college education. Even as the economy continues to decline, tuition and fees for private and public colleges are still on the rise. According to a 2009 study from The [College Board](#), families can expect to pay as much as 7.3 percent more than last year for this year's tuition and fees, depending on the type of college.

Fortunately, there are options available to help you invest for your children's education. The key is to know which option makes the most sense for your family's best interest. Two popular options are the 529 savings plan and Coverdell Education Savings Account (ESA). Both can provide tax-deferral and custodial control of the named beneficiary and use of the account in many cases.

529 Plans

To begin your search, find all the information on your own states' plan. Many states offer residents state tax deductions for participating in the in-state plan. Don't automatically rule out a [529 plan](#) if your state does not offer any tax incentives or matching credits. An out of state plan still provides tax-deferral incentives and may still best suit your needs.

When plan funds are used to pay for qualified higher education expenses, the withdrawals are free from federal income tax. Many states allow total contributions to a 529 plan in excess of \$300,000 or more. When you own a 529 account and name your child the beneficiary, you never lose control of the money.

Coverdell Education

[Coverdell](#) ESA is a savings account that is set up to pay the qualified education expenses of a designated beneficiary. Eligible individuals may contribute up to \$2,000 per year

on behalf of a child up to age 18. Coverdell assets can be used to pay for qualified higher education expenses and also for elementary and secondary education expenses. In considering the use of a Coverdell account, keep in mind that annual income limits may apply. In addition, unlike 529 plans, states don't offer tax deductions for contributions to Coverdell accounts, so all contributions are made on an after-tax basis.

Who Can Assist Me?

Now is a great time to visit The SACU Investment Center, and meet with one of our financial advisors.

To schedule your complimentary appointment with one of our investment representatives, call U. S. Toll Free 1-800-234-7228, extensions 1071 or 1442 today. You can view your [Investment Professionals](#) on [sacu.com](#).

Sources:
[Public Policy](#)

[529 Plans](#)

[Coverdell](#)

[Trends in Higher Education](#)

Investors should consider investment objectives, risks and charges associated with Section 529 plans prior to investing. More information about municipal fund securities is available in the issuer's official statement which should be read carefully prior to investing. Most 529 plans are sponsored and administered by states. State benefits vary amount the states, and some offer residents additional tax benefits if they invest in their own state plan. Consult your tax adviser for more information.



Your Dream Is Our Mission...

At SACU, our CFS* financial advisors are committed to providing products and services that help you and your family build your personal financial wealth and financial well being.

Interested in Learning More? Call 1-800-234-7228 ext. 1071 or ext. 1442.

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*For specific tax advice, please consult a qualified tax professional.