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**For Immediate Release**

## **529s Can Be Estate Planning Vehicle**

There are many tax benefits to 529 college savings plans including tax-free growth and tax-free withdrawal when the 529 funds are used for qualified expenses. Many states also provide a state tax deduction or credit on 529 plan contributions. Another important benefit is the potential use of 529 accounts for gifting and estate planning. A unique advantage of 529 plans is that contributions to a 529 account for a beneficiary are considered gifts, yet the account owner retains full control over the account during his or her lifetime.

A donor can gift up to \$15,000 annually per 529 beneficiary free of federal estate and gift tax impact if no other gifts to the recipient are given that year. The federal tax laws also permit a donor to a 529 account to front load five years of gifting -- or \$75,000 per person. A couple can gift \$150,000 for a child or grandchild and then repeat the process in year six. If the donor dies before the five years are up, a prorated portion of the contribution will be considered part of the donor's taxable estate.

"A donor with considerable wealth and five grandchildren could potentially remove up to \$375,000 from his or her federal taxable estate by contributing money to five separate 529 plan accounts," explained Ted Miller, Executive Director of the New Mexico Education Trust Board, the organization that sponsors the New Mexico 529 Plans – The Education Plan® and Scholar's Edge®. "It's a great vehicle for lightening the estate tax load on your loved ones while supporting future generations by providing funding for their college education."

The Education Plan® has information available at [TheEducationPlan.com](http://TheEducationPlan.com) or by calling 1(877) 337-5268. The Scholar's Edge® plan is offered by financial professionals. Information for financial professionals is available at [ScholarsEdge529.com](http://ScholarsEdge529.com) or by calling 1(800) 787-1621.

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