

2344 –QUALIFIED TUITION SAVINGS PROGRAMS (529 Plans)

<p>POLICY STATEMENT</p>	<p>The resource value of a Qualified Tuition Savings Program (529 Plan) is determined by whether an A/R is the donor of the plan or the beneficiary of the plan.</p>
<p>BASIC CONSIDERATIONS</p>	<p>A Qualified Tuition Savings Program (529 Plan) was enacted to allow a tax-advantage to individuals who wish to save for future education. There are two types of 529 Plans:</p> <ul style="list-style-type: none"> • The College Savings Plan is a state-sponsored plan that helps families/individuals save for higher education. It provides tax-free withdrawals for certain expenses, tax deferral on earnings, professional money management and the flexibility to use the money at any source of higher education. • The Prepaid Tuition Plan allows the donor to pre-select a higher education institution in advance at today’s prices. These plans usually cover tuition only, not room and board, etc. <p>With either of the 529 Plans, the donor maintains control over the plan and may cancel or change it. A change in the investment options for a 529 Plan may be made annually.</p>
<p>PROCEDURES</p> <p>Verification and Documentation</p>	<p>The person who is named on the plan as the owner/account holder is considered the donor(s). If the A/R is the donor of the 529 Plan, consider the plan as a resource to the donor. Do not count as a resource to the beneficiary.</p> <p>Obtain a copy of the 529 Plan for the file.</p> <p>If the A/R is the beneficiary of the 529 Plan, totally exclude the value of the plan and any disbursements made from the plan</p> <p>If the A/R is the donor, for resource purposes, obtain verification from the source regarding mandatory fees, taxes and/or penalties that would be incurred if the 529 Plan were to be liquidated. Count the remainder as a resource to the donor.</p>