

458%

The cost of tuition and fees has more than quadrupled in the past 25 years. Don't forget, it's never too late to start saving!

What's the Best Way to Save for College?

There are several savings plans to help you and your parents save for a college education. Ultimately, selecting the best way to save for college depends on your own personal circumstances. Use this worksheet to help you pick the best saving method for your family. And remember, the cost of a college education is always rising, so the sooner you start saving, the better!

	529 Savings Plan	529 Prepaid Plan	Coverdell ESA
Yearly Contribution Maximum	An individual may contribute up to \$60,000 in one year without incurring gift tax provided that he or she makes no additional contributions or gifts to the beneficiary during the next 5 years.	An individual may contribute up to \$60,000 in one year without incurring gift tax provided that he or she makes no additional contributions or gifts to the beneficiary during the next 5 years.	\$2,000/year per beneficiary
Lifetime Plan Maximum	Contributions may be made until the plan reaches a set value, which can be as much as \$300,000 (varies by plan).	Contributions may be made until the plan reaches its contribution limit, which can be as much as \$150,000 (varies by plan).	As much as \$36,000 may be contributed over the lifetime of the plan.
Deadlines	Contributions: None Withdrawals: None	Contributions: None Withdrawals: None	Contributions: Until the beneficiary's 18th birthday Withdrawals: Within 30 days of the beneficiary's 30th birthday
Qualified Expenses	Tuition and fees, room and board, and supplies	Tuition	Tuition and fees, some room and board expenses, books and supplies, equipment, and some elementary and secondary school expenses.
Penalties	Non-qualified withdrawals are subject to federal taxes and a 10% penalty.	Non-qualified withdrawals are subject to federal taxes and a 10% penalty.	Non-qualified withdrawals are subject to federal taxes and a 10% penalty.
If All Funds Aren't Used	Funds may be transferred to another member of the beneficiary's family or the account owner.	Funds may be transferred to another member of the beneficiary's family or the account owner.	Funds may be transferred to another member of the beneficiary's family.
Impact on Student Aid	This plan is assessed at 5.64% when calculating the beneficiary's EFC. Qualified withdrawals are not counted as income on next year's FAFSA application.	This plan is assessed at 5.64% when calculating the beneficiary's EFC. Qualified withdrawals are not counted as income on next year's FAFSA application.	This plan is assessed at 5.64% when calculating the beneficiary's EFC. Qualified withdrawals are not counted as income on next year's FAFSA application.
Important Notes			

Start Saving Early!

College is a huge investment, and costs have skyrocketed over the past 25 years. Compare the average published cost-of-attendance figures with the cost of other big purchases in the graphics to the right.

Don't forget, you should determine if a college is affordable based on your net cost, not the published cost of attendance!

