American Private Wealth
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Summary of Tax-Advantaged College Savings Options

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Federal tax-deferred-growth and tax-free earnings when withdrawals are used for qualified education expenses:
529 Plans
• **529 college savings plan:** You open an individual investment account and direct your contributions to one or more pre-established investment portfolios offered by the plan. Typically, there are fees and expenses associated with opening and/or maintaining a college savings plan account (e.g., annual maintenance fee, administrative fees, and investment expenses based on a percentage of total account value). • **529 prepaid tuition plan:** You prepay college tuition now at a participating college for use by your child in the future. Your contributions are pooled into the plan's general investment fund, and you are generally guaranteed a certain rate of return (or a certain amount of tuition). Typically, there are enrollment and administrative fees associated with opening and/or maintaining a prepaid tuition plan account. State tax benefits may also apply for those who invest in the state plan where they reside.
Coverdell Education Savings Account (ESA)*
Allows saving for elementary and secondary school (K-12), as well as college. You establish an individual investment account and select the underlying investments for your contributions (i.e., stocks, mutual funds). Depending on the financial institution, there may be fees associated with opening and/or maintaining a Coverdell ESA. Income limits restrict who can open an account, and the maximum contribution allowed per year is $2,000. State tax benefits may also apply.
U.S. Savings Bonds (Series EE and Series I)
For the bond's earnings to be exempt from federal income tax, you must meet income limits in the year you redeem the bond (the proceeds are added to your income for this determination). The earnings on federal savings bonds are always exempt from state income tax. Typically, there are no fees and expenses, except for the possibility of brokerage fees if the bonds are purchased through a broker.
Earnings taxed at the child's tax rate, but no special treatment for withdrawals to pay education expenses:
Custodial Accounts
Uniform Gifts to Minors Act (UGMA) and Uniform Transfers to Minors Act (UTMA) custodial accounts are established for the benefit of a minor child and managed by you or another custodian you designate. The exact type of property that can be held in the account, although generally quite broad, depends on whether your state has enacted UGMA or UTMA. Depending on the financial institution, there may be fees associated with opening and/or maintaining a custodial account. Assets transferred to the account are irrevocable gifts to the child, and withdrawals can be used only for the child's benefit. When the child reaches age 18 or 21 (depending on state law), the custodianship ends and the child receives full control of the remaining assets. Earnings are taxed each year at the child's tax rate, but children under 19 years old and full-time students under age 24 (who do not earn more than one-half of their support) are taxed at their parents' tax rate on any earnings over a certain amount according to the kiddie tax rules.

Note: *Investors should consider the investment objectives, risks, charges and expenses associated with 529 plans carefully before investing. More information about 529 plans is available in the issuer's official statement, which should be read carefully before investing. Also, before investing, consider whether your state offers a 529 plan that provides residents with favorable state tax benefits. As with other investments, there are generally fees and expenses associated with participation in a 529 savings plan. There is also the risk that the investments may lose money or not perform well enough to cover college costs as anticipated.*

Note: *The availability of the tax or other benefits mentioned above may be conditioned on meeting certain requirements.*

IMPORTANT DISCLOSURES

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