

Education Savings Plan Comparison Savings Chart for 2018

Year 2016 Rules	529 Plan	Coverdell Education Savings Account	UGMA/UTMA
Federal Income Tax	Non-deductible contributions; withdrawn earnings excluded from income to extent of qualified higher-education expenses.	Same as 529 plan except earnings withdrawn for qualified K-12 expenses also included.	Earnings and gain taxed to dependent child (under age 19, or under 24 if full-time student); first \$1,050 is tax-exempt; next \$1,050 taxed at child's rate; excess over \$2,100 taxed at parents' rate.
Federal Estate Tax Treatment	Value removed from donor's gross estate; partial inclusion for death during a 5-year election period.	Value removed from donor's gross estate.	Value removed from donor's gross estate unless donor remains as custodian.
Maximum Investment	Established by the program; many in excess of \$250,000 per beneficiary over lifetime of program. Individual taxpayer annual contribution limit is \$15,000 per beneficiary (\$30,000 for married couple filing joint return). Individual taxpayer accelerated gift limit is \$75,000 per beneficiary (\$150,000 for married couple filing joint return).	\$2,000 per beneficiary per year combined from all sources.	No limit.
Qualified Expenses	Tuition, fees, books, supplies, computers, computer software, Internet access, equipment as required by eligible educational institution. Room and board for minimum half-time students.	Same as 529 plan plus additional categories of K-12 expenses.	No restrictions.
Able to Change Beneficiary	Yes, to another member of the beneficiary's family.	Yes, to another member of the beneficiary's family.	No; represents an irrevocable gift to the child.
Time/Age Restrictions	None unless imposed by the program.	Contributions before beneficiary reaches age 18; use of account by age 30.	Custodianship terminates when minor reaches age established under state law (generally 18 or 21).
Income Restrictions	None.	Ability to contribute phases out between \$95,000 and \$110,000 for single filers, head of household, married filing separately; phases out between \$190,000 and \$220,000 for married filing jointly.	None.
Financial Aid	Counted as asset of parent or other account owner; not counted as a student asset.	Counted as asset of parent or other account owner; not counted as a student asset.	Counted as a student asset.
Investments	Menu of investment strategies as developed by the program.	Broad range of securities and certain other investments.	As permitted under state laws.
Use for Nonqualifying Expenses	Withdrawn earnings subject to federal tax and 10% penalty.	Withdrawn earnings subject to federal tax and 10% penalty.	Funds must be used for benefit of the minor.