

YOUR MONEY MATTERS



Bringing you insight to make the most of your personal finances.

MAKING THE MOST OF A 529 PLAN

Qualified Tuition Plans, often called 529 plans, are a great, tax-advantaged way to save for future college costs. To get the most out of a 529 and to avoid potential tax liabilities, it's important to understand what they do (and do not) cover.

529 plans allow for tax-free withdrawals if the withdrawal is used for a "qualified education expense." So what are qualified education expenses? In general, they include:

- Tuition
- Room and Board
- Computers, required software, books and supplies

Keep in mind that most colleges and universities publish cost estimates for these items and that, generally speaking, expenses that exceed the cost estimates are not qualified. (i.e. If the school estimates on-campus room and board to be \$8,000 per year, and your student lives off campus and pays \$10,000 per year, only \$8,000 of his or her costs will be considered a qualified education expense.)

AVERAGE COLLEGE COST BREAK DOWN

■ Tuition ■ Room & Board ■ Books ■ Transportation ■ Other



Costs that are **not** considered qualified education expenses include:

- Transportation and travel
- Student loan repayment
- Cell phones or cell phone plans

To learn more about the benefits and limits of 529 plans, check out this informative article from [The College Investor](#).

INSIDER TIP

Travel Insurance. Worth the Extra Cost?

In general, if your health insurance doesn't cover you when you're out of the country, or you've purchased a pricey non-refundable vacation package, travel insurance might be a good idea. (One caveat: with most policies, to receive a claim you'll have to prove you paid for something, didn't use it, and didn't get reimbursed for it, and this can involve a lot of back and forth with airlines, foreign hotels, etc.)

“ Before you purchase insurance, check with your credit card issuer. Many airline mileage cards - generally the ones that charge an annual fee - offer extensive travel insurance at no extra charge. In other words, your big summer trip abroad might already be covered. ”

DID YOU KNOW?

Trucks and SUVs now dominate the auto market when it comes to maintaining resale value. They hold nine of the top ten spots on Kelley Blue Book's 2017 list of Best Resale Value Award winners. Toyota, winner of KBB's award for Best Brand, has three models in the top five - Tacoma, 4Runner, and Tundra. The lone car on the list, in tenth place, is the Subaru WRX. See the full list below.

	Model	Resale at 36 months	Resale at 60 months
1	2017 Toyota Tacoma	71.8%	58.4%
2	2017 Toyota 4Runner	64.3%	54.5%
3	2017 Chevrolet Silverado	61.8%	54.5%
4	2017 Jeep Wrangler	63.7%	51.1%
5	2017 Toyota Tundra	60.7%	49.0%
6	2017 Chevrolet Colorado	61.3%	48.1%
7	2017 Honda Ridgeline	64.4%	47.6%
8	2017 GMC Sierra	56.8%	47.5%
9	2017 GMC Canyon	59.8%	55.2%
10	2017 Subaru WRX	47.2%	45.4%

Source: <https://www.kbb.com/new-cars/best-resale-value-awards/best-resale-top-10-cars/>

A 529 plan is a college savings plan that allows individuals to save for college on a tax-advantaged basis. Every state offers at least one 529 plan. Before buying a 529 plan, you should inquire about the particular plan and its fees and expenses. You should also consider that certain states offer tax benefits and fee savings to in-state residents. Whether a state tax deduction and/or application fee savings are available depends on your state of residence. For tax advice, consult your tax professional. Non-qualifying distribution earnings are taxable and subject to a 10% tax penalty.

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