

FEATURES	529 COLLEGE SAVINGS PLANS	CUSTODIAL ACCOUNTS(UGMA/UTMA)	COVERDELL SAVINGS ACCOUNTS	529 PREPAID TUITION PLANS
Income Tax Treatment	Tax deferred. Non qualified withdrawals subject to income taxes and 10% federal tax penalty. Withdrawals are tax free if used for qualified higher education expenses.	Earnings taxed at beneficiary's rate.	Tax free. Non qualified withdrawals subject to income taxes and 10% federal tax penalty. Withdrawals are tax free if used for qualified education expenses.	Tax deferred
Contribution Limits	In excess of \$200,000 per beneficiary varies by plan.	None	\$2,000 per child per year.	Varies by state
Income Limits	No limits	No limits	Eligibility phases out for single filers at \$95,000 to \$100,000; for joint filers at \$190,000 to \$220,000.	No limits
Control of Assets	Account owner	Custodian until child reaches majority, then the child.	Account owner	Account owner
Investment Flexibility	Assets may be moved among funds offered once each h calendar year or when you change beneficiaries.	You can move your assets as often as you want, but each transfer usually is a taxable event.	You can move your assets as often as you want.	State manages investments; offers return tied to tuition inflation rate.
Estate Planning Features	Assets are transferred out of the owner's estate. Owner retains control.	Assets are transferred out of the estate.	Assets are transferred out of the owner's estate. Owner retains control.	Assets are transferred out of the owner's estate. Owner retains control.
Uses	Can be used for almost any accredited post-secondary school.	No restrictions	Can be used for any qualified education expense, including elementary, secondary, and post-graduate.	Usually restricted to participating schools; can cover only tuition and fees.
Ability to change beneficiaries	Can be transferred to another member of the same family without penalty.	Not permitted	Can be transferred to another member of the same family without penalty.	Many plans require that the beneficiary be a resident of the offering state.
Penalties on non qualified withdrawals	Ordinary income taxes and a 10% IRS penalty on earnings.	None	Ordinary income taxes and a 10% IRS penalty on earnings.	Fees or penalties vary by estate. Typically, this donor gets principal back, and the same college credit purchased today will be the same value in even 20 years