



## **College Savings Iowa: Save For Them, Save For You**

One of the biggest perks of 529 plans like [College Savings Iowa](#) is the fact that participants enjoy their own savings while saving for their children's dreams. In addition to the tax benefits, there are other ways participants save money with the Plan, including the low annual investment fee. Effective April 1, this fee will be reduced by over 5%. In celebration of another price reduction, let's review all of the great savings College Savings Iowa has to offer!

### **1. Competitive annual investment fees**

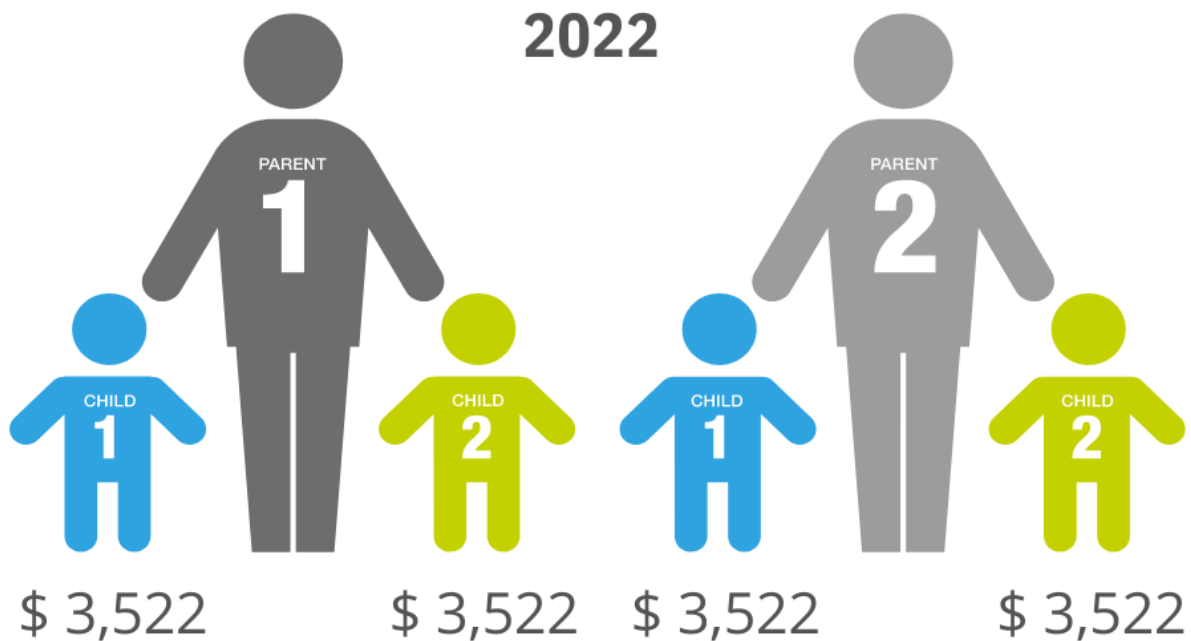
1. The ninth price reduction in 16 years!
  - a) Now, participants only pay \$1.80 for every \$1,000 invested annually.
2. The same low fee (0.18%) applies to all investment options.
3. There are no sales commissions or fees for advisors, enrollment, account maintenance or withdrawals.
4. One low fee = more money in your pocket!

### **2. A state tax deduction for Iowa taxpayers**

1. For 2022, College Savings Iowa participants can deduct up to \$3,522 from their adjusted gross income per beneficiary account.\*
2. As you prep for the upcoming tax deadline, know you can elect which tax year you want your contributions to count towards up until May 2, 2022. For 2021, the \$3,474 tax deduction still applies.\*

# Deduct up to \$3,522 per account

A family of four could deduct up to \$14,088



### 3. Tax-free withdrawals

1. All withdrawals from a College Savings Iowa account are free from Iowa state income taxes.
2. Withdrawals used on qualified education expenses, like tuition and room & board, are federally tax-free too.\*\*

### 4. Tax-deferred growth

1. Money invested in a College Savings Iowa account grows without being subject to state or federal taxation.
2. In the long run, you may end up earning more money on your contributions than if you were contributing money to a taxable savings account.
  - a) For example, if you contribute \$100 a month for 18 years, with a rate of return of 5%, you could save over \$6,000 more if the money is invested in a 529 account (which has tax-deferred growth) than a normal savings account (which has taxable growth).
  - b) Without taxation, you're able to keep more money in your account!

Timeline: 18 years

Monthly contribution: \$100

Rate of return: 5%

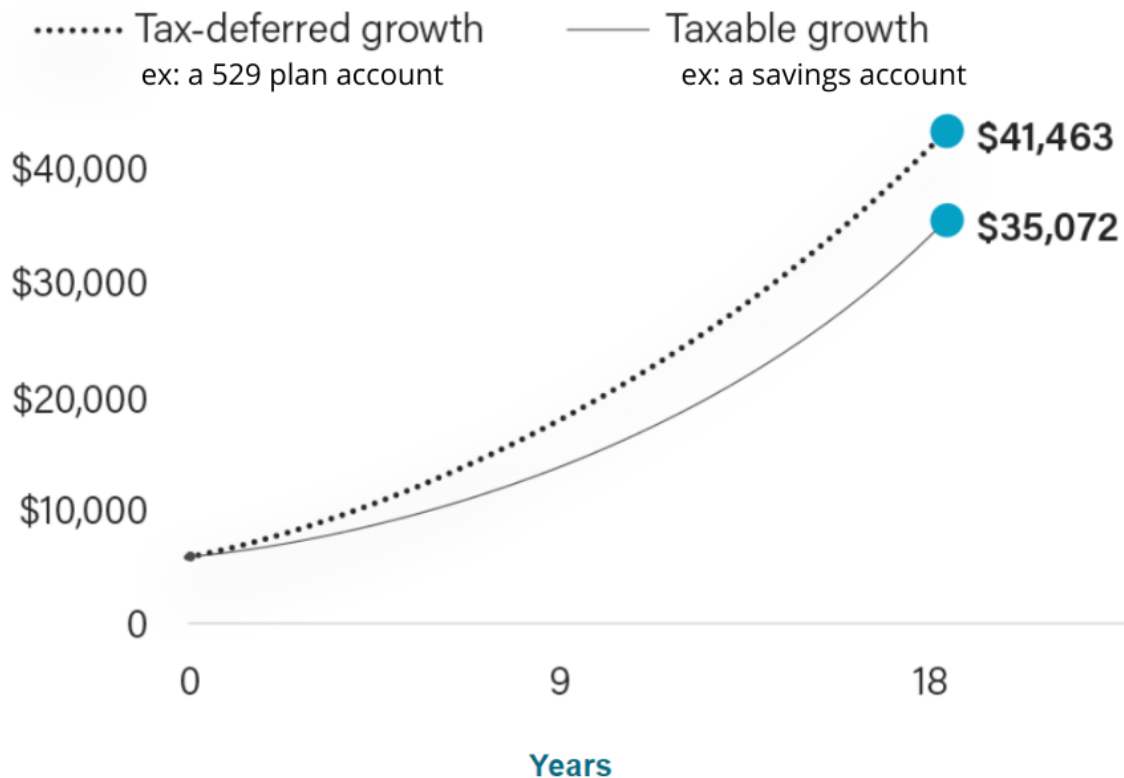


Illustration assumes an annual rate of return of 5%, that no funds are withdrawn during the time period specified and that the taxpayer is in the 30% federal income tax bracket for all options at the time of contributions and distribution. This hypothetical illustration is for illustrative purposes only.

Source: Ascensus

*\*Adjusted annually for inflation. If withdrawals are not qualified, the deductions must be added back to Iowa taxable income.*

*\*\*Earnings on nonqualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.*

More on Tax Benefits

College Savings Iowa