

# The one-and-done game plan for 529s

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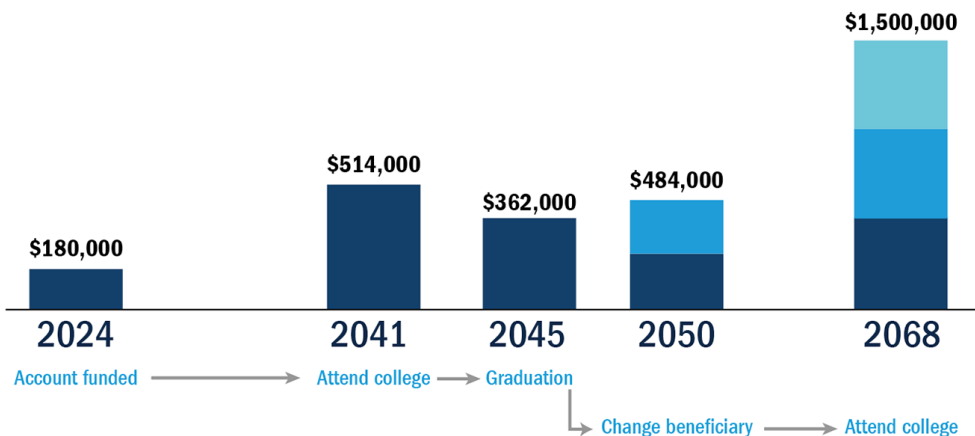
One 529 plan can have a significant multi-generational impact.

529 plans are considered one of the best ways to save for education costs. These accounts offer many benefits when saving and investing for education, including the opportunity for tax-free growth of contributions and tax-free distributions for qualified education expenses.

529 accounts also come with exclusive funding capabilities, such as the ability to contribute up to five times the annual gifting exclusion amount in a single year without being subject to gift tax — a feature referred to as accelerated gifting.

The annual exclusion for 2024 sits at \$18,000 per individual (\$36,000 if married filing jointly), making the accelerated gifting total for a married couple up to \$180,000 for a single account beneficiary. While a contribution of this magnitude could help make up for lost time in terms of saving for a child or grandchild's upcoming education, the real power exists in the multi-generational impact of a single fully accelerated account.

## ▶ The potential multi-generational impact of 529 plans



For illustrative purposes only.

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Consider an account funded with \$180,000 in 2024 for a newborn daughter. Over the next 18 years, this account could grow to approximately \$514,000 assuming a 6% annual rate of return. Attendance at a four-year public university could result in tax-free distributions from the account of approximately \$248,000 for qualified expenses. In the meantime, the remaining balance in the account stays invested and could grow to approximately \$362,000 at graduation in 2045. Since there is no immediate need for the remaining funds, and since 529 accounts have no time limits, age limits or required minimum distributions, the remaining balance is simply left in the 529 account to continue to grow.

Five years later in 2050, the daughter is now married and has a set of twins. The 529 account, which has grown to around \$484,000, is divided by changing the beneficiary with new accounts established for the twin grandchildren each funded with \$180,000 (assuming the accelerated gifting limits haven't changed) and with the original account still holding \$124,000 in anticipation of a third grandchild.

Over the next 18 years, the combined assets in all three 529 accounts would presumably grow to nearly \$1.5 million (assuming the same 6% annualized return), providing a tax-efficient way to fund education for generations to come ... and all it took was one.

[Visit our basketball tournament web page to learn more about 529 plans and the benefits they offer.](#)

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