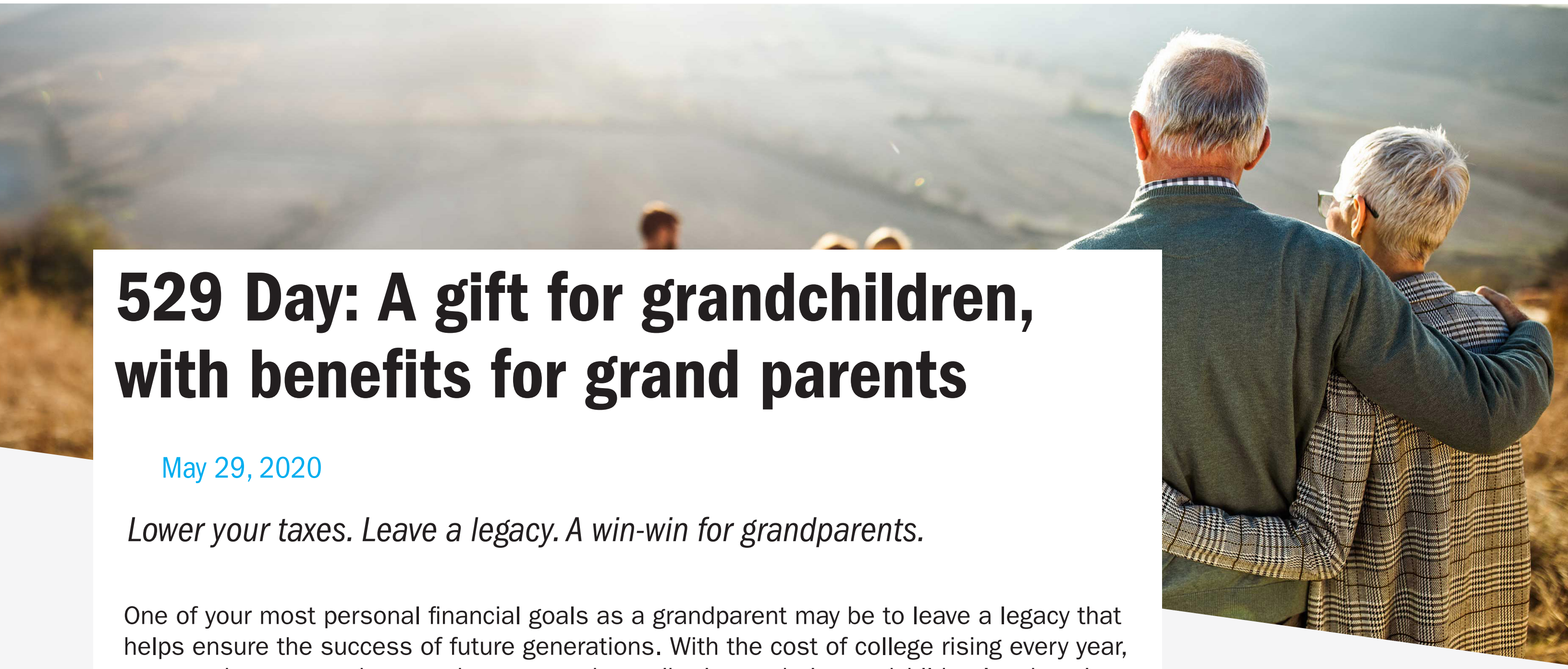

529 Day: A gift for grandchildren, with benefits for grand parents

May 29, 2020

Lower your taxes. Leave a legacy. A win-win for grandparents.

One of your most personal financial goals as a grandparent may be to leave a legacy that helps ensure the success of future generations. With the cost of college rising every year, more and more grandparents have started contributing to their grandchildren's education savings.

And we have good news: opening or contributing to a 529 plan offers benefits to you as the gift-giver too.

Enjoy tax-free investment growth — and other legacy planning benefits

Special provisions specific to 529 plans allow you to contribute without incurring federal gift taxes or reducing your unified federal estate and gift tax credit, while also reducing your taxable estate.

As an account owner, you have complete control over the assets and the flexibility to change beneficiaries at any time. You can also take non-qualified distributions, if needed. Earnings are subject to a 10% federal penalty.

And there are two big advantages exclusive to grandparent-owned accounts:

1. No probate worries for you. Naming a successor owner easily transfers assets to the next generation outside of the probate process — saving your family stress and worry.

2. No impact on aid for them. Assets in a grandparent-owned account are not considered part of the student's financial aid formula. In other words, the amount doesn't count against them. But keep in mind: qualified distributions are considered student income and can impact the student's eligibility for subsequent needs-based financial aid.*

Columbia Threadneedle Investments

529 plan tax and legacy planning advantages

Tax-free investment growth	Enjoy tax-free compounding investment return with no age limit, time limit or required minimum distributions.
No federal gift taxes	You may contribute up to $15,000 per year ($30,000 for married couples) per beneficiary in 2020 without triggering federal gift taxes.
Prorated gift-giving benefits	Contributions are considered completed gifts, so they're excluded from your taxable estate gift-tax-free. As the account owner, you maintain control of the assets in the account.
Taxable estate reductions	The five-year forward-gifting feature, exclusive to 529 plans, allows lump-sum contributions of up to $75,000 ($150,000 for joint filers) to be made in a single year and prorated over five years.

Talk with your financial advisor about tax-advantaged education and legacy planning with a 529 plan today.

Disclosures

*Contact your financial advisor for more information and recommendations to mitigate the impact on FASFA.

Gift tax exclusion amounts are based on the 2020 tax year.

Qualified distributions from grandparent-owned 529 plans are treated as income to the beneficiary on the subsequent year's FAFSA, potentially having a big impact on eligibility for needs-based financial aid.

Withdrawal of earnings not used for qualified higher education expenses will be subject to federal and possibly state and local income tax and may be subject to an additional 10% federal penalty tax.

Total contributions to each 529 plan cannot exceed the amount necessary to provide for the beneficiary's qualified higher education expenses. Each plan generally establishes a contribution limitation.

The tax information set forth in this flier is general in nature and does not constitute tax advice on the part of Columbia Threadneedle Investments or its affiliates. The information cannot be used for the purposes of avoiding penalties and taxes. Consult with your tax advisor regarding how aspects of a 529 plan relate to your own specific circumstances.

To find out more, call 800.426.3750
or visit columbiathreadneedle.com

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