

## Education Savings Options Comparison

Feature	Coverdell Education Savings Account (ESA)	Custodial Accounts (UGMA/UTMA)	529 College Savings Plan
<b>Contribution Eligibility Income Limits</b>	Contributor income limits (MAGI <sup>1</sup> ): <b>Single Filer:</b> \$95,000 or less: Full Contribution \$95,001 – \$110,000: Partial Contribution \$110,001 or more: No Contribution <b>Joint Filers:</b> \$190,000 or less: Full Contribution \$190,001 – \$220,000: Partial Contribution \$220,001 or more: No Contribution	No income limitations	No income limitations
<b>Contribution Limits</b>	\$2,000 per year	Restricted only by impact of gift tax (\$14,000 annual exemption)	Program specific, but most are over \$325,000
<b>Control of Assets</b>	Responsible individual, as named in application, until beneficiary reaches age of majority (unless otherwise stated in application)	Custodian (until the beneficiary reaches the age of termination)	Owner of account
<b>Change of Beneficiary</b>	Yes. The new beneficiary must be a relative of the current beneficiary	No (except in the case of death or disability)	Yes. The new beneficiary must be a relative of the current beneficiary
<b>Self-Directed Investment</b>	Yes	Yes	No
<b>Requirement to Deplete Account</b>	Account must be depleted or transferred to a new beneficiary by age 30	No depletion requirement. At age of majority, the child becomes owner of the account	None
<b>Qualified Distribution</b>	Elementary, Secondary and Higher education expenses including tuition, fees, books, supplies & equipment, academic tutoring, uniforms, transportation, computer technology, room & board	Can be used for any expenses benefiting the beneficiary	Higher education expenses including: tuition, fees, books, supplies & equipment, room & board
<b>Taxation of Withdrawals</b>	Tax and penalty-free if the money is used for qualified education. Non-qualified distributions will be taxed at account owner's rate <sup>2</sup>	Subject to mix of ordinary income and capital gains taxes. Unrealized capital gains taxed at parent's or minor's rate, based on beneficiary's age at time of use	Federally tax-free and penalty-free if the money is used for qualified higher education. Non-qualified distributions will be taxed at recipient's rate
<b>Effect on Federal Financial Aid</b>	LESS. Considered the asset of the account custodian	MOST. Considered the student's assets, which may lower financial aid eligibility by as much as 20%	LESS. The account is the asset of the owner
<b>Compatible with other Savings Vehicles</b>	Contributions may be made to both a Coverdell ESA and a qualified tuition program (529 plan) during the same year	Yes	Contributions may be made to both a Coverdell ESA and a qualified tuition program (529 plan) during the same year

<sup>1</sup> Modified Adjusted Gross Income (MAGI) – will be the same as Adjusted Gross Income for most tax payers. See your tax advisor for complete details.

<sup>2</sup> The earnings portion of any withdrawal not used for qualified higher education expenses (or not made on account of death, disability or receipt of college scholarship of the beneficiary) is subject to a 10% penalty.

**Investors should consider the investment objectives, risks, charges and expenses associated with a 529 Plan before investing. This and other information is available in a Plan's official statement. The official statement should be read carefully before investing.**

*Depending on your state of residence, there may be an in-state plan that provides tax and other benefits not available through an out-of-state plan. Before investing in any state's 529 plan, you should consult your tax advisor.*

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