



WHAT IS THE BEST WAY TO SAVE FOR A CHILD'S OR GRANDCHILD'S COLLEGE EDUCATION?

Education Savings Accounts ("529 accounts") are a tax-advantaged way to save for a child's or grandchild's college education due to the income tax-deferred growth of the assets in the 529 account, the ability to superfund the 529 account by gifting up to 5 years of annual exclusions in a single year and, most importantly, the income tax-free use of the funds for qualifying educational expenses such as tuition. The 2025 Tax Act has increased the annual cap on distributions for children in grades K-12 to \$20,000 and expanded the list of expenditures that qualify for these tax-free distributions to include books, tutoring and fees for standardized tests. In addition, the 2025 Tax Act added a new category of qualified expenses for older beneficiaries to include credentialing and licensing costs for those individuals seeking a career in the trades or pursuing professional licensing for professions such as law or financial planning. Finally, the 2025 Tax Act made permanent the ability to rollover a 529 account to a Roth IRA as long as certain conditions are met.