

Savings Comparison Chart

	Ownership/Control of Account	Guidelines for Use	Adjusted Gross Income Limit	Annual Contribution Limit	Taxation of Earnings	Taxation/Penalty Upon Non-Qualified Withdrawal	Change of Beneficiary	Effect on Financial Aid
U.PLAN PREPAID TUITION PLAN	Owner	Locks in tuition and mandatory fees only at participating MA public and private college and universities for undergraduate education	None	No annual limit. Cumulative limit equal to four years of the most expensive school in the Plan.	State and federal tax free with some limitations.	N/A	Can change beneficiary to a member of the designated beneficiary's family tax free and penalty free.	Treated as an asset of the account owner (if parent, 5.6% factored into federal financial aid formula).
U.FUND COLLEGE INVESTING PLAN (529 Plan)	Owner	Qualified higher education expenses (tuition, room, board, books, and required supplies and equipment) at accredited post-secondary schools anywhere in the U.S.	None	No annual limit. Cumulative limit of \$300,000. Gift \$60,000 per donor. (\$120,000 per couple) per beneficiary in a single year without incurring Federal gift tax treatment.	Earnings portion of non-qualified withdrawals taxed as ordinary income to the participant and is subject to a federally mandated 10% penalty tax. Penalty-free withdrawals permitted in the event of scholarship, death/disability of the beneficiary or rollover to another 529 Plan.	Earnings portion of non-qualified withdrawals taxed as ordinary income to the participant and is subject to a federally mandated 10% penalty tax. Penalty-free withdrawals permitted in the event of scholarship, death/disability of the beneficiary or rollover to another 529 Plan.	Can change beneficiary to benefit a member of the designated beneficiary's family tax free and penalty free.	Treated as an asset of the account owner (if parent, 5.6% factored into federal financial aid formula).
CUSTODIAL ACCOUNTS (UGMA/UTMA)	Custodian controls for the minor until age of majority	If used before the age of majority, must be used for the benefit of the child. No restrictions on use when under the control of the beneficiary.	None	No limits. Gift up to \$12k/year (\$24k per couple) to a child's UGMA/UTMA account without being subject to Federal gift tax treatment.	At least part of the investment earnings may be exempt from federal income tax and some or all may be taxed at the child's generally lower rate in the year in which earned.	N/A	Not permitted. Contributions are irrevocable gifts to the child.	Treated as the child's asset (20% factored into federal financial aid formula).
COVERDELL EDUCATION SAVINGS ACCOUNT	Generally parent or legal guardian controls for the beneficiary.	Qualified higher education expenses (tuition, room, board, books, and required supplies and/or primary or secondary at accredited post-secondary school expenses) by the time beneficiary turns 30.	Single filer: \$95-\$110k Joint Filers: \$190-220k (phased out)	\$2000 per designated beneficiary under 18. Contributions to the same Coverdell Account can be made by any taxpayer who meets AGI limits.	Qualified distributions are federal income tax free. Tax free for Massachusetts residents.	Earnings taxed at account owner's rate and 10% penalty tax on distributions (earnings portion) that exceed or are not used for qualified higher education expenses or qualified primary or secondary education expenses.	Can transfer account balance to another Coverdell Account of family member of designated beneficiary tax free and penalty free.	Treated as the child's asset (20% factored into federal financial aid formula).
TAXABLE ACCOUNT	Owner	None	None	None	Earnings are taxed in the year realized.	N/A	N/A	Treated as an asset of the account owner (If parent, 5.6% is factored into federal financial aid formula).