

## Paycheck

### 3 ways to save with 529 plans

Americans are working harder than ever for their paychecks. Don't let even a dollar of your hard-earned income slip through the cracks when saving for your child or grandchild to go to college. For most, 529 Plans are the easiest and best way to save for post-secondary education.

Michigan offers three 529 Plans: the MET (<http://michigan.gov/setwithmet>), MESP ([www.misaves.com](http://www.misaves.com)) and MI 529 Advisor Plan ([www.mi529advisor.com](http://www.mi529advisor.com)). The MET is a prepaid plan which allows you to

purchase units of future tuition at today's rates. The MESP and MI 529 Advisor Plan are savings plans which are frequently accompanied by more participant control, flexibility and investment volatility. The MESP can be set up by anyone, while the Advisor Plan is set up by a licensed broker.

Savings plans such as the MESP and Advisor Plan are gaining in popularity and have two major income tax benefits:

■ Michigan residents who are married may be eligible to deduct up to \$10,000 (\$5,000 for single) from taxable income on their State of Michigan tax return. For many taxpayers, that deduction results in \$430 of immediate tax savings.

■ Under current law, distribu-

tions made for qualified education expenses are never subject to tax even if those distributions are from the gains made in your account. A wide range of expenses are considered eligible for tax-free distributions, including tuition, fees, books, supplies, room and board.

Further, many 529 Plans offer investment selections tailored to your risk tolerance or the student's age. A great place for information and for comparing plans is [www.savingforcollege.com](http://www.savingforcollege.com). On that site, both Michigan 529 savings plans are rated 4.5 out of 5 stars for Michigan residents.

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