

## Importance of 529 College Savings Plans

Saving for your child's education is prudent, and 529 college savings plans can help you prepare for your child's higher education to guarantee a better future. However, the rising costs of higher education can be a significant deterrent and may concern you as a parent. Thankfully, 529 college plans are helpful, allowing you to save and prepare for your child's educational expenses. This article offers insight into 529 plans, their purpose, and how discussing 529 plans with your [financial advisor](#) allows you to make the best decision for you and your family. The financial advisors at Cary Street Partners can help you find what college savings plan fits your needs, as well as work with you to [build a financial plan](#).

### WHAT ARE 529 COLLEGE SAVINGS PLANS?

These plans are specialized savings accounts that help you save for your children's education costs as a parent. These savings are usually tax-advantaged, and states, educational institutions, and financial institutions offer them.

You can use these funds to cover your child's education expenses at eligible institutions, including vocational schools, colleges, universities, and international institutions. They exist in two primary types, as follows:

- Prepaid tuition plans: These plans allow you to prepay for a specified number of future college credits at today's prices. That gives you peace of mind, and you can rest assured that your current investment retains its value over time.
- Education savings plans: These allow you to invest in various options like mutual funds and Exchange-Traded Funds (ETFs). Both involve pooling money from multiple investors in a diversified portfolio like bonds and stocks.



These accounts provide the perfect opportunity to save for your children's education. They help ensure they have guaranteed financial resources to enable them to pursue their educational aspirations.

### HOW TO INVEST IN COLLEGE 529 PLANS

Investing in 529 plans is pretty straightforward, but it helps to understand your way around it. The glad tidings is that you can still work with a financial advisor to ease your way into saving. Below are ways to get started with your 529 college saving plan and ensure that it guarantees your child's seamless higher education:

#### 1. Research and Choose a 529 Plan

You're spoiled for choice with the numerous available 529 college savings plans, as each state has its own. Each program has features you should know more about, including fees, contribution limits, tax benefits, flexibility and transferability, investment options, and other state-specific considerations. Therefore, connect with your Financial Advisor to help you navigate and pick a plan that suits your preferences and needs.

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## 2. Determine the Beneficiary

A beneficiary is a specific individual who'll benefit from the savings in the future, and it can be your child or grandchild and, sometimes, yourself. That offers clarity of purpose and enables you to tailor your investment strategy depending on the available time horizons. Determining your beneficiary also helps you be more flexible for future changes, and you must be well-acquainted with the specific rules involved.

## 3. Open an Account

Work with your financial advisor to open an account by visiting your chosen plan's website or contacting the plan directly. Ideally, you may have to provide your personal information, including your social security number, name, address, and the beneficiary's information.

## 4. Decide on the Contribution Amounts

Contribution amounts usually vary, and you can pick any that meets the minimum requirements. Please liaise with your plan for more information on the same.

## 5. Choose an Investment Option

Investment options, including age-based portfolios and individual investment funds, can all be fitting. However, it helps to pick one that aligns with your investment goals, offers risk tolerance, and the time horizon they provide.

## 6. Monitor and Adjust

Once you're all set, it'd be prudent to review and track performance while making adjustments as needed regularly. Our advisors can work with you to make sure you are on the right track to reach your goals.

Please review your chosen plan's prospectus and plan's disclosure documents. Remember, investing in 529 college savings plans involves some risks, including market risks, potential loss of principal, limited control, and flexibility. These risks can be hugely or marginally compromising. Work with your Cary Street Partners [financial advisor](#) to help make this process more seamless and ensure that your decisions set you up for success in the future.

## CONCLUSION

Investing in a 529 college savings plan can secure your child's or other beneficiary's education in the future. Therefore, making hay while the sun shines is prudent by investing early for your peace of mind.

[Cary Street Partners](#) can help manage your 529 college savings through our [financial planning services](#) working to create a holistic plan meant to help you make informed savings choices.

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