

## West Virginia 529 College Savings accounts

From [www.smart529.com](http://www.smart529.com):

SMART529 is West Virginia's 529 college savings program, offering a variety of investment strategy options designed to meet a range of needs and college attendance timelines. SMART529 offers flexibility; investors may purchase the 529 plans directly, or through financial investment advisors.

The SMART529 Program offers three plans for college savings investors:

1. SMART529 WV Direct
2. SMART529 Select
3. The Hartford® SMART529®

Options 2 and 3 have a \$25/year maintenance fee, but option 1 has no such fee, so is the plan of choice for modest investments. It also has no minimum investment. You could literally contribute \$5/month. You can set up and access your account from a computer, and draw funds from your bank account, all without leaving home or even making a phone call.

You get to deduct each year's contributions from your income for state tax purposes (not federal). Any earnings are exempt from both federal and state tax. And no tax is paid (state or federal) when the contributions are used to pay for college expenses.

You can change the beneficiary, and there is no time limit for using the money to pay for college. If the money is not used to pay for college, you will have to pay income tax on withdrawals and be subject to a 10% penalty. The penalty is waived in the event of death or disability.

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Is SMART529 a "Qualified Tuition Program"?

Yes, and therefore it has special tax advantages unavailable in other savings vehicles. For example, with SMART529, withdrawals for qualified higher education expenses are free from federal income tax and West Virginia Personal Income Tax. (This program is allowed under Section 529 of the Internal Revenue Code, hence the "529" in our program's name.) Non-qualified withdrawals are taxable as ordinary income to the extent of earnings, and may also be subject to a 10% federal tax penalty. Such withdrawals may have state income tax implications.

What are the eligibility requirements for participation?

An Account Owner can be any adult U.S. resident or citizen, a business or a non-profit organization. Your Designated Beneficiary can be any U.S. citizen or resident of any age. You can even open an account for yourself, and there is no state residency requirement. However, West Virginia offers special state tax incentives for West Virginia taxpayers. Residents outside West Virginia should review their own state's qualified tuition program, including any state tax or other advantages it may provide, before investing in SMART529.

Can I change my investment option (investment strategy)?

Investment options may be changed, tax-free, twice during any calendar year.

Who controls the account?

The Account Owner has complete control of withdrawals and other changes to the account.

At what colleges and trade schools can I use my SMART529 assets?

Most 2 or 4 year accredited colleges or universities, vocational, technical or graduate schools in the U.S., as well as a limited number of overseas programs. To check if a U.S. institution is accredited, call the Federal Student Financial Aid Center at 1-800-433-3243

What happens if the child receives a scholarship?

If the beneficiary receives a grant or scholarship, that amount can be withdrawn from the account. If that money is not used for other qualified higher education expenses, the portion of the withdrawal that represents earnings will be subject to ordinary income taxes. But it will not be subject to a 10% federal income tax penalty. Proper documentation of the scholarship may be required.

What are the options if my child doesn't attend college or if the money saved is not needed for college expenses?

In that instance, the Account Owner has three options: (1) Leave the money in the account, in case the Designated Beneficiary decides to attend school later; (2) Change the Designated Beneficiary to an eligible family member of the current beneficiary; or (3) Withdraw the money. In that event, account earnings will not only be subject to ordinary income taxes, but a 10% federal income tax penalty may also apply. Such a withdrawal may have state income tax implications.

What if the Designated Beneficiary dies or becomes disabled and does not attend college?

The Account Owner has two options: (1) Change the Designated Beneficiary on the account to another eligible family member of the current beneficiary, or (2) Withdraw the account value. In that event, account earnings will be subject to ordinary income taxes.

How do I make changes to my account?

Download, complete and submit the appropriate form under Forms & Documents. You may also contact Customer Service toll-free at (866) 574-3542 to request a form.

Can I access my account online?

Yes, you can access your account whenever you want.

Can I change the Beneficiary?

Yes. Beneficiary changes can be made and are income tax free if made to an eligible family member of the current beneficiary.