

Top Benefits of Saving with an FDIC-Insured 529 Account

A 529 college savings plan is a tax-advantaged account that can be used to pay for education expenses from kindergarten all the way through graduate school. Unlike a traditional 529 college savings plan, an FDIC-insured 529 plan is backed by the full faith and credit of the United States government up to certain limits, in the event of a bank failure.

FDIC-insured investments are good options for families who want to save for college taking advantage of the benefits of a 529 savings plan, without taking on the risk of investing in the stock and bond markets.

Here are

THE TOP BENEFITS OF AN FDIC-INSURED 529 ACCOUNT

1

TAX-FREE EARNINGS ON YOUR SAVINGS

Just like traditional 529 college savings plans, FDIC-insured 529 plans come with many benefits for college savers. Earnings in a 529 plan grow tax-free and are not taxed when the money is used to pay for qualified expenses, such as tuition and fees, textbooks, and even paying down student loan debt. Many states offer a full or partial income tax deduction or credit for 529 plan contributions as well. You can also make automatic contributions to your account to make saving for college even easier.

The difference is how you're investing. In FDIC-insured 529 plans you can choose to contribute to a savings account or bank certificates of deposit (CDs). For example, the [College Savings Bank, a Division of NexBank* Bank Plan](#) offers fixed-rate CDs with one, two or three year maturities, as well as high-yield savings accounts.

This contrasts to a traditional 529 plan, where your investment options will include portfolios that invest in stocks, bonds and other securities. Depending on the stock market, earnings may not grow as rapidly in an FDIC-insured account as they would in a traditional account, but there is less risk.

2

INVEST WITHOUT THE RISKS

FDIC-insured options within 529 plans could be a good option for families who are risk-averse. Parents and grandparents who witnessed their retirement accounts or other savings get wiped out by the Great Recession may be understandably hesitant to leave their child's and grandchild's education fund vulnerable to volatile stock and fixed-income markets. FDIC-insured accounts are typically insured up to \$250,000 per account.

3

DIVERSITY IN YOUR PORTFOLIO

Adding on an FDIC-insured 529 plan along with your traditional 529 plan allows parents saving for college to have the best of both worlds. You have the potential to see greater earnings in your traditional 529 account, but you have the safety and peace of mind with a no-risk FDIC-insured 529 account. Saving in an FDIC-insured 529 account can give traditional investors a little safety net to know that all of their savings isn't at the mercy of the stock market.

4

GREAT FOR SHORT-TERM SAVERS

An FDIC-insured 529 plan may be preferred for those who don't have many years to allow their savings to grow. For parents of high-schoolers, opting for an FDIC-insured 529 account over a traditional account, provides more certainty that the money will be there when they need it. If a student is approaching college or has even already started college, they can take advantage of the tax benefits and flexibility of a 529 plan without risking their principal investment.

5

A PERFECT WAY FOR GRANDPARENTS TO SAVE

Many times, grandma and grandpa are asking how they can help save for college. An FDIC-insured 529 plan could be a good option for those looking for a simple, stress-free way to help pay for their loved one's college. Grandparents, aunts and uncles, or even close family friends can contribute to this safer alternative and be a big part of your child's college experience.



Did you know... 529 plan contributions grow tax-free

The interest you earn in an FDIC-insured 529 account is not taxed as the account grows, and withdrawals made from a 529 plan are completely tax-free when used for a qualified higher education expense.



Did you know... Anyone can take advantage of an FDIC- insured 529 plan

Anyone can open an account with College Savings Bank, a Division of NexBank,* regardless of their state of residence.



Did you know... You can use 529 savings for more than just tuition

Withdrawals on a 529 account are tax-free when used for qualified expenses. These include apprenticeship program and vocational/trade school expenses, college and/or graduate school expenses, including books, supplies, room and board, a computer, meal plans, internet access, computer software, and even K-12 tuition or repaying student loans.