

	*Tax Considerations	Contribution Limit	Allowable Use	Contributor Control over assets	Rollovers to family members
Investment Accounts					
Custodial Accounts -UGMA -UTMA	First \$750 investment income is tax-free for children under 14; next \$750 is taxed at the child's tax rate; excess taxed at parent's rate.	Up to \$11,000 per donor for each donee without incurring federal gift tax.	Unlimited (must be for benefit of child and not used for food, clothing etc.)	Custodian has full control only until beneficiary reaches legal age of majority.	N/A
529 Plans	Distributions tax-free if used for education expenses.	Limits vary by state. Special gifting rules apply.	**Qualified Higher Education Expenses	Full control	Yes
Coverdell ESAs (formerly Education IRAs)	Withdrawals and earnings not taxed as long as funds are used for education expenses.	*\$2,000 per year per child - child must be under 18.	***Qualified Education Expenses	Full control	Yes
Investments					
U.S. Savings Bonds (zero coupon bond)	*Interest is tax exempt provided proceeds are for tuition and/or fees.	N/A	Tuition and Fees	Full control	N/A
Tax Reductions and Credits			Notes		
Hope Credit	Credit of up to \$1,500 for each eligible student.	First two years of post-secondary education. Enrolled in degree program at least half-time. Tuition and related expenses (excluding room and board). Phase-outs apply.			
Lifetime Learning Credit	Maximum of \$1,000 per taxpayer for 2002; Limit increases to \$2,000 for years after 2002	Qualified tuition and related expenses (excluding room and board). One or more courses. Graduate level work is eligible. Phase-outs apply.			
Student Loan Interest Deduction	Maximum of \$2,500 above-the-line deductions. Deduction is subject to income limitations.	Interest is deductible for all years during loan repayment period. Phase-outs apply.			
Deduction for Higher Education Expenses	Maximum above-the-line deduction of \$3,000 for 2002-2003 and \$4,000 or \$2,000 for 2004-2005, depending on income levels.	Effective for tax years 2002-2005 Phase-outs apply.			

*Restrictions apply at certain income levels and proceeds may have to be used for education expenses.

**Qualified Higher Education Expenses refer to amounts paid for tuition and fees, books, room and board, equipment, supplies, etc., as a result of attendance at a post-secondary institution.

***Qualified Education Expenses include Qualified Higher Education Expenses; as well as amounts paid for tuition and fees, books, supplies and tutoring; for a beneficiary's enrollment in a public, private or religious elementary, or secondary school.

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Projections are based on assumptions that are believed to be reasonable. Actual results may vary, perhaps to a material degree.