

Scholar's Edge 529 Plan

# State Tax Benefits

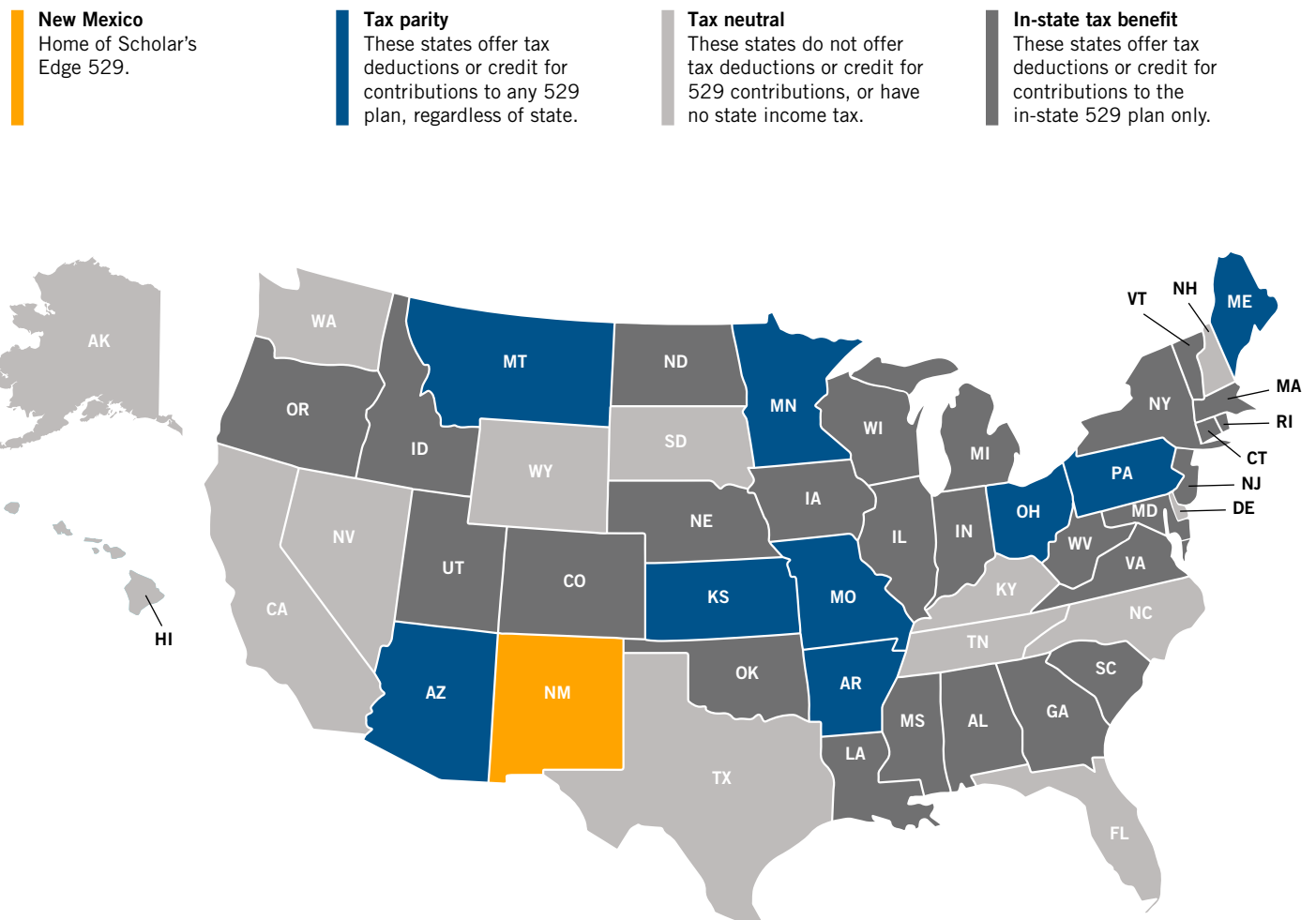


## Scholar's Edge 529 Plan

# State Tax Benefits

529 plans offer many advantages to investors saving for education, including tax-deferred earnings and tax-free qualified withdrawals. Additionally, certain states offer state income tax benefits. It is important to review all potential tax benefits within your state, along with the performance and expense information of the 529 plan you are considering, before making a selection.<sup>1</sup>

For tax purposes, states are classified as such:



<sup>1</sup> Earnings on non-qualified withdrawals may be subject to federal income tax as well as state and local income taxes. Taxes and other benefits are contingent upon certain requirements and certain withdrawal are subject to federal, state, and local taxes.



## 529 Plan tax benefits by state, as of January 2024

State	Maximum annual state income tax benefit: individual/joint	Per beneficiary	Carry forward	State tax rate (%)	State tax savings (\$)
Alabama	5,000/10,000 in state plan	No		5.00%	\$500
Arizona	2,000/4,000	No		2.50%	\$134
Arkansas	5,000/10,000 in-state; 3,000/6,000 out of state	No	4 years	4.40%	\$550
Colorado	Full contribution amount to extent of taxable income	No		4.40%	\$455
Connecticut	5,000/10,000 in state plan	No	5 years	6.99%	\$500
District of Columbia	4,000/8,000 in state plan	No	5 years	10.75%	\$680
Georgia	4,000/8,000 in state plan	Yes		5.49%	\$460
Idaho	6,000/12,000 in state plan	No		5.80%	\$600
Illinois	10,000/20,000 in state plan	No		4.95%	\$495
Indiana	20% tax credit on contributions up to \$5,000 in state plan	No		3.05%	\$1,500
Iowa	3,785/7,570 in state plan	Yes		5.70%	\$687
Kansas	3,000/6,000	Yes		5.70%	\$342
Louisiana	2,400/4,800 in state plan	Yes	Unlimited	4.25%	\$168
Maine <sup>1</sup>	1,000 per beneficiary in state plan	Yes		7.15%	\$68
Maryland	2,500/5,000 in state plan	Yes	10 years	5.75%	\$238
Massachusetts	1,000/2,000 in state plan	No		9.00%	\$100
Michigan	5,000/10,000 in state plan	No		4.25%	\$425
Minnesota	50% tax credit on contributions up to \$500 or state deduction based on contributions of 1,500/3,000 available	No		9.85%	\$204
Mississippi	10,000/20,000 in state plan	No		4.70%	\$500
Missouri	8,000/16,000	No		4.80%	\$540
Montana	3,000/6,000	No		5.90%	\$405
Nebraska	10,000/10,000 - 5,000 if married filing separately	No		5.84%	\$684
New Jersey	Up to \$10,000 deduction to in-state plan if income is \$200,000 or less	No		10.75%	\$553
New Mexico	Full contribution amount in state plan	No		5.90%	\$490
New York	5,000/10,000 in state plan	No		10.90%	\$585
North Dakota	5,000/10,000 in state plan	No		2.90%	\$204
Ohio	4,000	Yes	Unlimited	3.50%	\$148
Oklahoma	10,000/20,000 in state plan	Yes	5 years	4.75%	\$475
Oregon <sup>2</sup>	150/300 in state plan	No	4 years	9.90%	\$300
Pennsylvania	18,000/36,000	Yes		3.07%	\$307
Rhode Island	500/1,000 in state plan	No	Unlimited	5.99%	\$48
South Carolina	Full contribution amount in state plan	No		6.40%	\$700
Utah	4.65% tax credit on contributions up to 2,410/4,820 in state plan	Yes		4.65%	\$224
Vermont	10% tax credit on contributions up to 2,500/5,000 in state plan	Yes		8.75%	\$500
Virginia	4,000 in state plan; fully deductible if age 70 or older	Yes	Unlimited	5.75%	\$575
West Virginia	Full contribution amount in state plan	No	5 years	6.50%	\$650
Wisconsin	4,000 or 2,000 if married filing separately/divorced in state plan	Yes	Unlimited	7.65%	\$212

Source: Scholar's Edge state tax calculator. Benefits assume the taxpayer is married, filing a joint state tax return, with an investment of \$10,000 into a 529 plan and a taxable income of \$100,000. States not included provide no state tax benefits or have no state income taxes.

<sup>1</sup> Taxpayers filing single or married separate returns with federal adjusted gross income of more than \$100,000, and taxpayers filing married joint or head of household returns with federal adjusted gross income of more than \$200,000 do not qualify for the deduction. In Maine, the state tax rate varies depending upon filing status and taxable income.

<sup>2</sup> Tax savings and credit may vary depending on your specific situation.

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