

Information from BrightStar Credit Union and CFS* to help keep your financial life in balance

Consumer Sense

Successful Future

We all want our children and grandchildren to be successful in the future. But how is success measured? Is it defined by achieving financial security, pursuing a lifelong passion or career or something else completely? For many of us, it is a combination of each of these considerations. But most frequently, it starts with an education. So what can you do now to help them achieve their educational goals?

As many of you know saving for college can be extremely challenging. Every year, tuition and fees for private and public colleges increase. According to The College Board, the average 2007-2008 tuition increase was 6.3 percent at private colleges, and 6.6 percent at public universities. Fortunately, there are a variety of investment options available for your consideration. The key is to know which option makes the most sense given your family's overall financial situations. How can I help them be successful?

There are many educational saving plans available such as 529 savings plan, and Coverdell Education Plan.

529 Savings Plan

529 Plans allow investors to save money on a tax-deferred basis. When plan funds are used to pay for qualified higher education expenses the withdrawals are free from federal income tax. Fortunately every state now has at least one 529 plan available. Many states allow contributions to a 529 plan in excess of \$250,000 or more, and some even offer additional incentives such as state tax deductions for in-state investors. When you own a 529 account and name your child the beneficiary, you never lose control of the money. You can even change the beneficiary to another child or yourself if you want to go back to school.

Coverdell Education Plans

Coverdell Education plans are savings vehicles designed to offer tax-free asset growth in the name of education. Eligible individuals may contribute up to \$2,000 per year on behalf of a child up to age 18. The structure here is a bit different.

Instead of focusing solely on college and grad-school expenses, investors can currently use Coverdell assets to pay for anything from kindergarten on up. Please be aware that there are income guidelines to establish a Coverdell plan. The contributor's annual income must be below a specific minimum (currently \$220,000 for married couples filing jointly). Unlike 529 plans, states don't offer tax deductions for contributions to Coverdell accounts, so all contributions are made on an after-tax basis.

Who Can Assist Me?

There are a myriad of educational plans available to fit your specific need. Now may be a great time to visit your local credit union, and meet with your financial advisor for a financial review. To learn more about working with a financial advisor, contact your credit union!

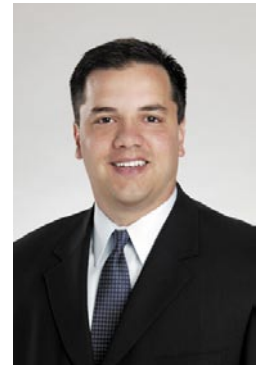
Source: www.irs.gov. Refer to IRS Publication 970 for specific information;
<http://www.collegeboard.com>

Have You Read...

Investors should consider investment objectives, risks and charges associated with Section 529 plans prior to investing. More information about municipal fund securities is available in the issuer's official statement which should be read carefully prior to investing. Most 529 plans are sponsored and administered by states. State benefits vary amount the states, and some offer residents additional tax benefits if they invest in their own state plan. Consult your tax adviser for more information.

Interested in Learning More?

I specialize in helping people maintain a healthy financial balance and discover smart money strategies. Call me to set an appointment to review your investment objectives, and to discuss any questions you might have. I look forward to speaking with you!



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Do you have a topic you'd like to see covered in future Wealth News newsletters? Email your questions and comments to me at: luis@bscu.org