

Dept. of Financial Institutions: Save more while saving for college - Wisconsin College Savings Program

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Contact: George Althoff
608-261-4504
george.althoff@wisconsin.gov

2018 Tax Deduction Raised to \$3,200

MADISON, Wis. – The Wisconsin College Savings Program is excited to announce that the 2018 state tax deduction has been raised to \$3,200 – making it even easier to save for college while enjoying significant tax savings. The increase in deductible taxable income will apply to contributions made to Edvest and Tomorrow’s Scholar accounts during the 2018 tax year. For the 2017 tax year, plan participants have until Tuesday, April 17, 2018 to make contributions to be eligible for a reduction in their taxable income of up to \$3,140. Limitations apply.*

“The increase in the tax benefit is one more reason saving for college with the Wisconsin College Savings Program is a great decision for families,” said Jessica Fandrich, officer for the State of Wisconsin 529 College Savings Program, DFI. “We’re proud to offer this opportunity for our Wisconsin account holders, and look forward to continuing to help families save more while they’re saving for college.”

What This Means for Account Holders

Wisconsin residents, regardless of their relationship to the child, may be eligible to reduce their state taxable income by up to \$3,200 per beneficiary per year (\$1,600 for single filers). Families with more than one account may be eligible for a state tax

deduction of up to \$6,400 for two children, \$9,600 for three children, and so on.

Additionally, investment earnings grow tax-deferred and are tax-free at both the state and federal level when used to pay for qualified expenses.

Carry Forward for Future Tax Benefits

For families who roll over balances from another 529 plan, or plan to make a large contribution from savings, inheritance or a work bonus, they have the option to apply those contributions to future tax returns. If an account holder's annual contributions exceed \$3,200 per beneficiary, they are eligible to carry forward the balance until exhausted.

Accelerate Your 529 College Savings

Account holders who are interested in making a larger contribution to their child's account, but are concerned with how it will impact them during their estate planning, should be aware that currently there is no federal gift tax on contributions up to \$15,000 per year for single filers and \$30,000 for married filers. For those interested in super funding by making a larger contribution, there is an option to gift amounts of up to \$75,000 for single filers and up to \$150,000 for married filers if pro-rated over five years. This means an account holder could make a one-time gift equivalent to the five-year amount and still qualify for the federal gift tax exclusion.

It is recommended that account holders interested in super funding their accounts speak with their financial planner, tax attorney or estate planning attorney before doing so.

Why Save With Wisconsin Colleges Savings Plans?

In addition to significant tax benefits, Edvest has received numerous accolades from industry-leading sources. SavingforCollege.com recently ranked Edvest as one of the Top 10 in three- and five-year 529 Performance¹, and awarded the program a 5-Cap Rating for "outstanding flexibility, attractive investments and additional economic benefits" (SavingforCollege.com, What the Ratings Mean, 12/22/2017)². Edvest also received a Bronze rating from Morningstar, Inc.³

Tomorrow's Scholar is ranked in the Top 10 of Advisor-Sold plans based on investment performance over three years as of December 31, 2017, and was

awarded a 4½-Cap Rating for residents for reliability by SavingforCollege.com⁴. Voya also received the prestigious DALBAR award for 529 servicing for the third year in a row.⁵

Saving early makes a difference and Wisconsin's College Savings Plans make it easy. Funds saved through either program can be used at colleges, technical schools and graduate schools throughout the nation, as well as many abroad. Additionally, funds can be used for books, supplies, or other qualified expenses.

For more information about Edvest or to open an account, visit Edvest.com. Edvest's college savings specialists also are available Monday through Friday 7 a.m. to 7 p.m. toll-free at (888) 338-3789.

For information about Tomorrow's Scholar, visit Tomorrowsscholar.com or call (866) 677-6933 Monday through Friday from 7 a.m. to 5 p.m. or speak with your financial advisor.

About Edvest

Edvest is Wisconsin's 529 College Savings Plan designed to help families save for higher education expenses. Account owners can choose from 17 investment portfolios, enjoy one of the lowest cost 529 plans in the U.S., and take advantage of in-state tax benefits for Wisconsin residents.

About Tomorrow's Scholar

Tomorrow's Scholar is an advisor-sold 529 college savings plan sponsored by the State of Wisconsin and distributed nationwide. Tomorrow's Scholar provides families with flexible means to save and invest for a child's college education while taking advantage of multiple tax and estate benefits. Working with a Financial Advisor, families can tailor a portfolio to their particular situation with investments that feature some of the largest and most respected asset management firms.