

Name _____

Discovering the Magic of 529 Plans: Your Ticket to College Savings

Multiple Choice Questions

1. What is a 529 plan primarily designed to help families save for?
 - a) Retirement
 - b) Vacation expenses
 - c) Education expenses, mainly college
 - d) Home purchase

2. Which of the following is a tax advantage of 529 plans?
 - a) Tax on earnings is deferred until retirement.
 - b) Tax-free withdrawals for any expenses.
 - c) Tax-free withdrawals for qualified education expenses.
 - d) Tax-deductible contributions.

3. Where can you open a 529 plan account?
 - a) Only in your home state
 - b) In any state's plan, regardless of your residence
 - c) Only in states that offer in-state tax benefits
 - d) Only in states that have a specific college you plan to attend

4. What types of expenses can 529 plan funds be used for?
 - a) Only tuition
 - b) Only textbooks
 - c) Qualified education expenses, including tuition, room and board, and more
 - d) Only travel expenses to and from college

5. What potential impact can 529 plan funds have on financial aid eligibility?
 - a) No impact at all
 - b) They can increase the amount of financial aid received.
 - c) They can reduce the amount of financial aid received.
 - d) They can change the distribution of financial aid between grants and loans.

