

529 College Savings Plan

Guidance for new parents, or new grandparents, on starting your children's 529 savings.



Matthew Costigan, CFP®, CPA/PFS
Senior Financial Advisor

Matthew Costigan is a Senior Financial Advisor in the Pittsburgh, Pennsylvania office of HBKS® Wealth Advisors (HBKS®). He began his career in public accounting in 2003 specializing in individual and trust taxation with a Big Four firm, joined Hill, Barth & King LLC (HBK) in 2006 and then joined HBKS® in 2008. His extensive individual tax knowledge includes planning for the impact of qualified and non-qualified investments.

Mr. Costigan earned dual Bachelor of Science Degrees in Finance and Accounting from Syracuse University. He is a Certified Public Accountant/Personal Finance Specialist, a CERTIFIED FINANCIAL PLANNER™ and has his Accident, Life and Health Insurance Licenses.

Your child has just been born, and already you're thinking about future costs, including a college education. Here's a great way to ensure that when your child is ready for college you'll have the money to send him or her where they want to go.

Just open it.

Open a 529 account as early as possible after your child is born. Even if you can't afford to put much money in it at first, an open account has its advantages. For example, it is a preferable place over a savings account that pays little or no interest for monetary gifts to your child from relatives and friends.

Draw up a winning allocation.

Don't be afraid to allocate 529 funds aggressively, as your timeframe is about 18 years. Being too conservative, including keeping too much in cash, won't help much toward your goal. Employ a financial professional to develop a plan that includes a diverse group of assets from the 529 plan choices.

Consider a Guaranteed Tuition Savings Plan to balance your risk. A Guaranteed Tuition Savings Plan allows you to buy tuition "credits" at today's rates, then use the credits in the future when your child goes to college. Essentially, the rate of return, or earnings, on a Guaranteed Tuition Savings Plan is the inflation rate of college tuition, which has been substantial at 6%, virtually every year for the last 20 years. Contrary to popular belief you don't need to commit to a particular state-owned university to take advantage of this plan; with most plans, the money can be used at any accredited college or university. Many parents with money in a Guaranteed Tuition Savings Plan in the fall of 2008, in the midst of the financial crisis, were relieved it was there when tuition bills came due.

Make it automatic.

Use a financial professional to help you decide on a savings plan to fund your child's 529 savings account. How much can you afford to put toward your goal while addressing other responsibilities, like paying down your own student debt, saving for retirement, etc. If possible, set up automatic monthly contributions, similar to how you fund your company retirement plan. Automatic contributions to a 529 savings account ensure you add new money on an ongoing basis toward your goal. □

Investment advisory services are offered through HBK Sorce Advisory LLC, doing business as HBKS® Wealth Advisors. Insurance products are offered through HBK Sorce Insurance LLC. NOT FDIC INSURED - NOT BANK GUARANTEED - MAY LOSE VALUE, INCLUDING LOSS OF PRINCIPAL - NOT INSURED BY ANY STATE OR FEDERAL AGENCY

HBKS® Wealth Advisors | 7000 Stonewood Drive, Suite 300 | Wexford, PA 15090 | Phone: (724) 934-5300 | mcostigan@hbkswealth.com