

Of all the gifts you'll give your child, few will be more important than a college education. But affording that education takes a plan. Arkansas rewards parents who save for their children's education by allowing families to deduct up to \$5,000 of their Arkansas 529 GIFT plan from their Arkansas adjusted gross income.

529 plans were established to help parents and grandparents save money for college that can be used at schools across the country and some institutions abroad. The name "529" refers to the Internal Revenue Code section that discusses this type of college savings tool.

On average, college tuition triples every 17 years. But the numbers continue to show it's a worthwhile investment. According to the U.S. Census Bureau, college graduates will earn an average of \$1 million more over their lifetime than a high school grad.

Saving even a little can be more cost effective than borrowing. While most families combine some level of saving and borrowing when paying for college, putting aside money early and often is a good way for you to build your savings. Saving and investing even a little each month can be more financially prudent than borrowing money and paying interest on it.

Some Arkansans may even qualify for a matching grant of up to \$500 a year if they meet income requirements.

Plans are not limited to just parents. Any adult can open an account for anyone they would like to help save for college. And if your designated beneficiary decides not to go to college, you can either keep the money invested until a later time, change the beneficiary, or withdraw the funds and be subject to a 10% penalty.

You can open an Arkansas 529 GIFT account online at www.arkansas529.org.