

# IOWA 529

# Savings Plan



## IOWA 529 SAVINGS PLAN

Catholic Schools in the Archdiocese of Dubuque

### DEFINITION

The **Iowa 529 Savings Plan** is an account established by any Iowa taxpayer to save and invest money for tuition in any K-12 religious/private Iowa school and/or any college in the country. The account is designated for a specific student and can be used only for tuition for that student. All withdrawals used for tuition, including investment gains, are free from both federal and state taxes. Each taxpayer's situation is different so it is important to talk to a tax professional before setting up an account.

### WEBSITE UPDATES IN PROGRESS

- ✓ The State Treasurer's website for 529 Plans only references "**College Savings Iowa.**"
- ✓ The website is [www.CollegeSavingsIowa.com](http://www.CollegeSavingsIowa.com).
- ✓ The State Treasurer's Office is in the process of reviewing and revising their website to include the **K-12 Iowa 529 Savings Program**. Until the change is made the titles and information found there only discuss "**College Savings Iowa.**"
- ✓ All forms, while not yet titled to include K-12, **WILL** work for this program.

## FREQUENTLY ASKED QUESTIONS

### HOW DO I SET UP A 529 ACCOUNT?

The Iowa Treasurers Office is in charge of this program. Any taxpayer can go to their website at [www.CollegeSavingsIowa.com](http://www.CollegeSavingsIowa.com), submit an application, and transfer the funds into their 529 account. As part of that application, a beneficiary (the student) has to be named and an investment option provided on the form has to be chosen.

### WHO CAN SET UP A 529 ACCOUNT?

Anyone can set up an account for any student. The beneficiary does not have to be related to the taxpayer. There is no limit as to how many accounts can be set up.

### HOW MUCH MONEY CAN BE PUT IN A 529 ACCOUNT EACH YEAR?

Because everyone's tax situation is different, it's important to review this document and the information at [www.CollegeSavingsIowa.com](http://www.CollegeSavingsIowa.com) before beginning the 529 application. It is important to understand, the Iowa tax rules allow the first \$3,319/per student for 2018, to be considered a deduction from the taxpayer's adjusted gross income on his/her Iowa tax return. The taxpayer does not need to itemize his/her taxes to receive this deduction.

### IS THERE ANY ADVICE OFFERED AS TO THE INVESTMENT OPTIONS?

While we do not give direct advice related to these options the Iowa Treasurer's Office recommends that if the funds are going to be used for K-12 tuition that "age-based investments" not be used. These are intended for long-term investing for college. As always, please consult with a tax advisor for additional advice.

### WILL A 529 ACCOUNT AFFECT MY CHANCES OF RECEIVING AN STO AWARD?

No. These are two distinct and unrelated programs. It will have no effect on families STO income qualifications since the Our Faith STO program is required to use federal income tax filings to determine STO eligibility.

### ARE BOOKS AND SUPPLIES QUALIFIED EDUCATION EXPENSES?

No. Tuition is the only qualified education expense for K-12.



## FREQUENTLY ASKED QUESTIONS *(continued)*

### HOW DOES THIS 529 PROGRAM WORK FOR MY FAMILY?

While every family's situation is unique, the 529 Program offers a great opportunity to save for both K-12 religious/private school education tuition (including all Catholic Schools in the Archdiocese of Dubuque) as well as college.

**Example:** Mom and Dad have two children who will be attending a Catholic School in the fall. Each parent can receive a deduction on their Iowa income taxes for the first \$3,319 deposited in a 529 account set up in the name of each of his or her children.

On their Iowa taxes each parent receives a deduction of \$6,638 ( $\$3,319 \times 2$ ) off their adjusted gross income. They do not have to itemize their deductions to receive this deduction on their Iowa taxes. The Iowa tax savings will vary depending on the family's tax situation.

On the federal tax side, while there is no deduction for the initial investment, any investment gains on the 529 accounts are tax free, provided the funds are used for tuition. The above example is for a married couple filing jointly. Before setting up the program it would be wise to consult your tax professional for guidance.

### HOW WILL THIS CHANGE MY TAX LIABILITY?

Every tax situation is unique so it is important to consult a tax professional to specifically have this question answered. For each taxpayer, 2018 contributions up to \$3,319 annually are deducted from the Iowa adjusted gross income for every student for which a 529 account is established. The maximum tax liability in Iowa is 9%. Thus, the maximum Iowa tax benefit is 9% of \$3,319 or \$299 per student.

**Example:** A married couple each creates an Iowa 529 Plan for their two K-12 students for a total investment of \$13,276 ( $\$3,319 \times 4$ ).

There are four contributions since each parent has set up two accounts, one for each of their children.

In this example, the  $\$13,276 \times 9\%$  equals an Iowa tax benefit of \$1,195.

This link: <https://vanguard.wealthmsi.com/stdc.php> will provide specific examples of potential tax savings based on family income, 529 contributions etc.

The 529 funds are invested. Any gains on the account are tax-free on both federal and state taxes. Finally, provided the funds withdrawn from an existing 529 Plan are used to pay tuition at an Iowa accredited K-12 religious/private school (including ALL Catholic Schools in the Archdiocese of Dubuque) and/or any private/public college or university in the country; those funds are not taxed as income. The Iowa Treasurer's Office provides further clarification at:

[www.CollegeSavingsIowa.com/home/why-choose-college-savings-iowa/tax-benefits.html](http://www.CollegeSavingsIowa.com/home/why-choose-college-savings-iowa/tax-benefits.html)



### ARE K-12 DISTRIBUTIONS SENT DIRECTLY TO THE K-12 INSTITUTION OR TO THE TAXPAYER WHO SET UP THE ACCOUNT?

Either is an option. The State Treasurer's Office is in the process of changing the language related to withdrawals. Once that process is complete, there will be a selection specifically for K-12 qualified withdrawals. Until that time, the account holder should select the qualified withdrawal option (even though it may indicate that is for higher education). You may direct the payment to the account owner or the K-12 Institution; simply enter that information where it asks for the Institution of Higher Education. No matter who receives the distribution it can only be used for tuition expense.

### CAN I PAY THE ENTIRE SCHOOL YEAR TUITION IN THE FALL, AS THE SCHOOL YEAR BEGINS USING FUNDS IN MY 529 PLAN?

We are awaiting a clarification on this, since currently the rules require that funds can only be for the calendar year in which services are rendered.

### WHEN CAN WE START MAKING QUALIFIED WITHDRAWALS?

Now. The federal law became effective on January 1, 2018 and the state law is retroactive to January 1, 2018. Forms are in the update process, but withdrawals may be taken at any time for K-12 tuition.

### WHAT ARE THE FUND DISTRIBUTION TIMELINES?

- Funds cannot be requested for distribution for 7-10 business days after the contribution to the 529 is made.
- Please allow an additional 7-10 business days for payment by check by regular mail to reach the account owner or the K-12 institution. EBT to the taxpayer is an option and could speed up the distribution.
- Changes to your account that can delay the regular delivery time an additional 7-10 days also include:
  - If the address information that you have requested the withdrawal be sent to changed in the last nine business days, your withdrawal will be held until this waiting period has been satisfied.
  - If the banking information that you have requested the withdrawal be sent to has changed in the last 15 calendar days, your withdrawal will be held until this waiting period has been satisfied.

### WHAT IF I HAVE ADDITIONAL QUESTIONS?

Visit [www.CollegeSavingsIowa.com](http://www.CollegeSavingsIowa.com) for more specific information about this exciting opportunity or call the 529 Plan in Des Moines and an associate will assist you.

**College Savings Iowa: 888-672-9116**

**IAdvisor 529 Plan: 800-774-5127**

FIRST FRIDAY

# Encounter

ADORATION

PRAYER

MUSIC

WITNESS



September 7

7-8 pm

St Cecilia Church

*Come early and join us for  
a Soup Supper at 6pm!*

# Social Justice Newsletter August 2018

The second Corporal work of Mercy ... give drink to the thirsty.

**Through your contributions to the monthly Black Bag collection, Saint Cecilia's Social Justice committee helps support the following international water projects—thank you!**

**Wellspring Missions** Marshalltown, Iowa has been home to a large population of Sudanese refugees since the mid-1990's. Trinity Lutheran Church in Marshalltown is one of many groups that began to serve and build relationships with the refugees that had settled in Marshalltown.

When the civil war ended in 2011 members of the Sudanese community in Marshalltown began to express concerns for their families due to lack of clean water in their homeland.

A collaborative effort between Trinity Lutheran Church and the Alaska Sudan Medical Project (ASMP) followed.

In 2012 Greg Brown of Trinity Lutheran and Brett Burroughs from ASMP led a group of volunteers to Jonglei Province to dig one well and rehab a second well for ASMP in the village of Old Fangak, South Sudan.

Since that first trip to Old Fangak the vision to help provide clean water has grown and Wellspring Missions began and continues its commitment to providing clean and safe drinking water to rural communities in South Sudan.

Saint Cecilia Parish, through the generosity of the Good Samaritan Black Bag Collection, donates \$750 yearly to the Wellspring Missions to help provide drinking water to these communities in South Sudan.

<http://www.wellspringmissions.org/index.html>



Well and supplies going down the river to Jonglei Province



Well delivered and ready to be installed by local South Sudanese citizens

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Editor: Lynn Franco

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A Committee of St. Cecilia's Catholic Church

Saint Cecilia

SOCIAL JUSTICE

## Social Justice Contacts

**ALTERNATIVE GIFT MARKET -**  
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**AMOS STC - Contact:**  
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Lynn Franco 232-0898

**BIRTHRIGHT OF AMES -**  
108 Hayward Ave., Suite 202, Ames  
515-292-8414. **STC Contact:**  
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**CATHOLIC DAUGHTERS OF THE**  
**AMERICAS - STC Contact:**  
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**DAYS FOR GIRLS - STC Contact:**  
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**EMERGENCY RESIDENCE**  
**PROJECT - STC Contact: Julie Haas**  
232-7138

**FOOD AT FIRST - 611 Clark Ave.,**  
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Doreen Berg 956-3414

**GOOD NEIGHBOR EMERGENCY**  
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Ames 515-296-1449 **STC Contact:**  
Doreen Berg 956-3414

**HOME FOR AWHILE - STC**  
**Contact: Mary Ross 232-5080**

**OPERATION RICE BOWL - STC**  
**Contact: Cynthia Shriver 292-6584**

**PRISON MINISTRY - STC Contact:**  
Barb Moore (515) 337-1551

**SAINT CECILIA SOCIAL JUSTICE**  
**COMMITTEE. STC Contact:**  
Doreen Berg 956-3414

**SANCTITY OF HUMAN LIFE, STC**  
**Contact: Garland Dahlke 460-0403**

The Social Justice Committee meets on the third Monday of each month at 7:00 p.m. in the Oscar Romero Room. Everyone is welcome to attend.

**CONSIDER BECOMING A MEMBER**

August 2018

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**No water, no life.  
No blue, no  
green."**



**Sylvia Earle (Oceanographer)**



## *Save the Rain*

The Save the Rain project teaches water starved communities in East Africa to use rain as a sustainable water supply which will stop the needless deaths that have been caused by the global water crisis. To achieve their mission they educate communities to harvest the rain through water collection systems and passive irrigation.

Saint Cecilia Parish, through the generosity of the Good Samaritan Black Bag Collection, donates \$750 per year to the Save the Rain project.

At the August 20, 2018 meeting the Saint Cecilia Social Justice Committee will consider expanding its International fund by an additional \$750.00 to be used for a third water project.

The Social Justice Committee tithes 8-10% of its total budget for international donations.



"Let us be renewed by God's mercy ... and let us become agents of this mercy, channels through which God can water the earth, protect all creation and make justice and peace flourish." POPE FRANCIS