



CollegeBound 529

529 plan state tax information

The dream of a college education is a goal for many families. A sound savings and investment plan may help that dream become a reality.

529 plans offer advantages such as federal tax-deferral and tax-free qualified withdrawals. In addition, some states offer investors additional state income tax benefits. Tax benefits vary by state, and all information, including expenses, fees and investment options, should be considered before making an investment decision.¹

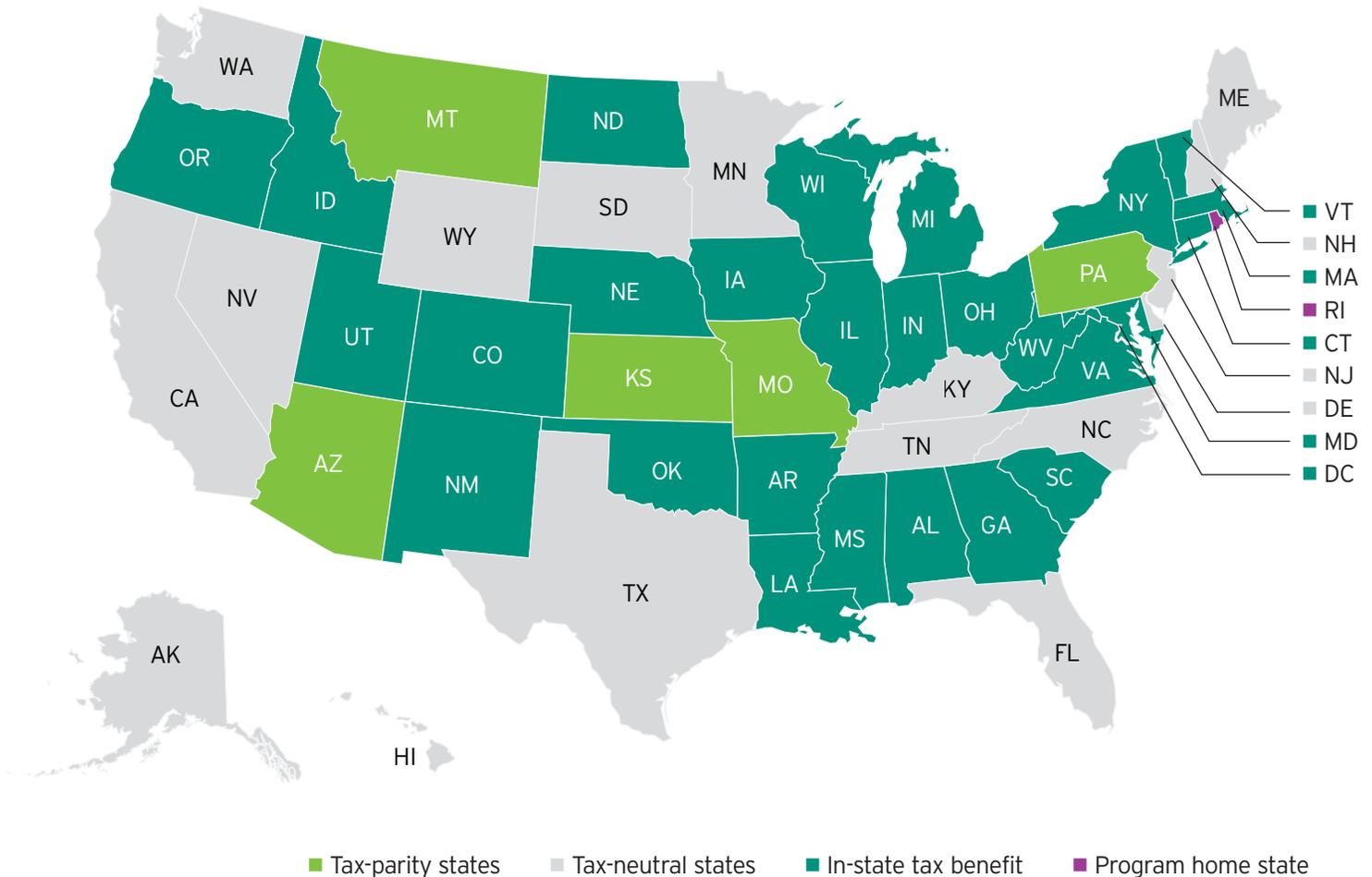
State tax benefits
can be an important
component when
selecting a 529 plan.



¹ Earnings on non-qualified withdrawals may be subject to federal income tax and a 10% federal tax penalty, as well as state and local income taxes. Tax and other benefits are contingent on meeting other requirements, and certain withdrawals are subject to federal, state and local taxes.

Things to consider when choosing a 529 plan

- **Tax-parity states.** States that offer a state tax deduction for contributing to 529 plans, including both in-state and out-of-state plans.
- **Tax-neutral states.** States that offer no state tax deduction for contributions to a 529 plan.
- **In-state tax benefit.** States that may allow potential state income tax breaks on contributions only to in-state 529 plans.
- **Program home state.** Rhode Island.



- 1 State tax deductions may be subject to recapture on non-qualified withdrawals and/or outbound rollovers in subsequent years. Review the applicable plan disclosure statements. Married couples may need to make their own contributions and/or to their own separate accounts in certain states. Contributions may be reduced by qualified withdrawals during the year for purposes of determining the amount that may be deducted in certain states. Contributions by a spouse may only be deductible if a joint return is filed in certain states. Spouses filing jointly may each need to have income generated up to the amount of the contribution made to claim the maximum (per beneficiary) deduction in certain states. Contributions to an account established after a beneficiary reaches a certain age may not be eligible for a deduction or credit. Contributions made by the account owner, a non-account owner who files a joint return with the account owner, or other non-account owner may be treated differently amongst the states regarding eligibility for deductions or credits and whom can apply it to their tax return. The deductibility of 529 plan contributions varies by state and is subject to legislative change. You should consult your tax advisor regarding your specific tax situation.
- 2 Some states allow taxpayers who contribute above the maximum annual tax deduction to carry forward excess contributions to future state income tax returns.
- 3 Assumes joint tax filers in the highest federal tax bracket are making \$10,000 in 529 plan contributions in 2016 based on having two eligible beneficiaries. Note that certain states do not have current year tax brackets published at the time of this report. In these cases, previous year's rates are being used as best available information.
- 4 If you itemize deductions, state tax savings in the year of the contribution may reduce your federal deduction for state taxes in the following year. Net savings reflect final savings after federal tax implications.

529 plan tax benefits by state, 2017

State	Maximum annual state income tax benefit (\$)¹	Per beneficiary	Carry forward²	State tax rate (%)³	State tax savings (\$)³	Net tax savings (\$)⁴
Alabama	\$5,000 (I), \$10,000 (J)	No		5.00	500	302
Arizona	\$2,000 (I), \$4,000 (J)	No		4.54	182	110
Arkansas	\$5,000 (I), \$10,000 (J)	No		6.90	690	417
Colorado	Full contribution amount, to the extent of the contributor's Colorado taxable income	No		4.63	463	280
Connecticut	\$5,000 (I), \$10,000 (J)	No	5 years	6.99	699	422
Dist. Of Columbia	\$4,000 (I), \$8,000 (J)	No	5 years	8.95	716	432
Georgia	\$2,000 (I), \$4,000 (J)	Yes		6.00	480	290
Idaho	\$4,000 (I), \$8,000 (J)	No		7.40	592	358
Illinois	\$10,000 (I), \$20,000 (J)	No		3.75	375	227
Indiana	20% tax credit on contributions up to \$5,000; maximum yearly credit is \$1,000	No		3.30	1,000	604
Iowa	\$3,239 (I), \$6,478 (J)	Yes		8.98	898	542
Kansas	\$3,000 (I), \$6,000 (J)	Yes		4.60	460	278
Louisiana	\$2,400 (I), \$4,800 (J)	Yes	Unlimited	6.00	576	348
Maryland	\$2,500 (I), \$5,000 (J)	Yes	10 years	5.75	575	347
Massachusetts	\$1,000 (I), \$2,000 (J)	No		5.10	102	62
Michigan	\$5,000 (I), \$10,000 (J)	No		4.25	425	257
Mississippi	\$10,000 (I), \$20,000 (J)	No		5.00	500	302
Missouri	\$8,000 (I), \$16,000 (J)	No		6.00	600	362
Montana	\$3,000 (I), \$6,000 (J)	No		6.90	414	250
Nebraska	\$10,000 (I,J), \$5,000 if married filing separately	No		6.84	684	413
New Mexico	Full contribution amount	No		4.90	490	296
New York	\$5,000 (I), \$10,000 (J)	No		8.82	882	533
North Dakota	\$5,000 (I), \$10,000 (J)	No		2.90	290	175
Ohio	\$2,000 (I,J)	Yes	Unlimited	5.00	200	121
Oklahoma	\$10,000 (I), \$20,000 (J)	No	5 years	5.00	500	302
Oregon	\$2,330 (I), \$4,660 (J)	No	4 years	9.90	461	279
Pennsylvania	\$14,000 (I), \$28,000 (J)	Yes		3.07	307	185
Rhode Island	\$500 (I), \$1,000 (J)	No	Unlimited	5.99	60	36
South Carolina	Full contribution amount	No		7.00	700	423
Utah	5% tax credit on contributions up to \$1,920 (I), \$3,840 (J), maximum credit is \$96 (I), \$192 (J)	Yes		5.00	384	232
Vermont	10% tax credit on contributions up to \$2,500 (I), \$5,000 (J), maximum credit is \$250 (I), \$500 (J)	Yes		8.95	1,000	604
Virginia	\$4,000 (I,J); fully deductible if 70 or older	Yes (per account)	Unlimited	5.75	460	278
West Virginia	Full contribution amount	No		6.50	650	393
Wisconsin	\$3,100 (I,J)	Yes	Unlimited	7.65	474	286

I = Filing individually, J = Filing jointly

Sources: Savingforcollege.com; http://www.savingforcollege.com/state_tax_529_calculator/, <http://www.savingforcollege.com/articles/how-much-is-your-states-529-plan-tax-deduction-really-worth-733>, <http://taxfoundation.org/article/state-individual-income-tax-rates-and-brackets-2016>

Data is as of March 2017. The deductibility of 529 plan contributions varies by state and is subject to legislative change without notice. You should consult your tax advisor regarding your specific tax situation.

Get the information you need

For more information, or to learn more about starting a CollegeBound 529 account for your children or grandchildren, contact your financial advisor or visit CollegeBound529.com.

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Before you invest, consider whether your or the beneficiary's home state offers any state tax or other benefits that are only available for investments in that state's qualified tuition program.

For more information about CollegeBound 529, contact your financial advisor, call 877 615 4116, or visit collegebound529.com to obtain a Program Description, which includes investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing. Invesco Distributors, Inc. is the distributor of CollegeBound 529.

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