



Education is key

No matter what goals a child may have, Farm Bureau understands that education is the key to reaching them. Historically, college costs have risen an average of 5 percent per year.¹ Since experts predict this trend will continue, it's never too early – or too late – to begin saving.

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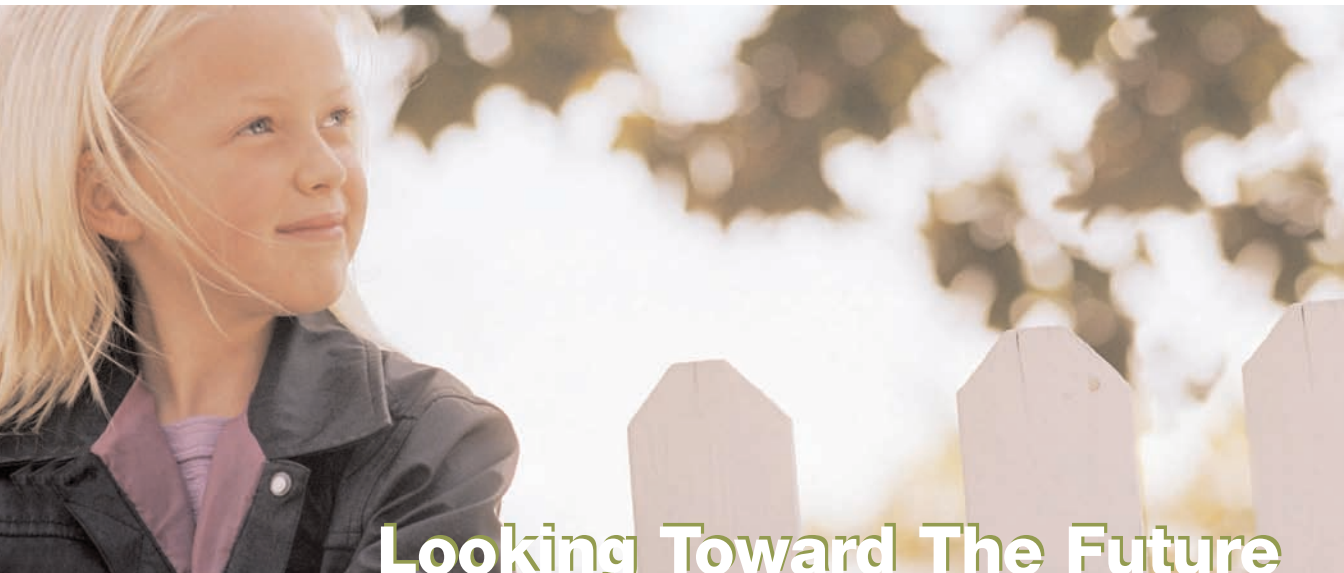
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*Affiliated, and companies of Farm Bureau Financial Services
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1. Source: House Education and the Workforce Committee, Fact Sheet, The Skyrocketing Cost of Higher Education, October 10, 2003.
 2. Source: 2003-2004 College Costs, www.collegeboard.com.

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Looking Toward The Future

Education Funding for the Special Children in Your Life

The Future Begins Today...

Your Farm Bureau Financial Services representative can provide you with personalized service and knowledgeable assistance when discussing ways to save for education expenses. Whether your child will be attending a private elementary school, a four-year university or a community college, it is important to consider how mutual funds, life insurance, Roth IRAs and the available options below can help you reach your goals:

	SECTION 529 SAVINGS PLAN (Also known as a Qualified Tuition Program)	COVERDELL EDUCATION SAVINGS ACCOUNT (Previously the Education IRA)
QUALIFIED EXPENSES	<ul style="list-style-type: none"> Higher education expenses at any college, university, vocational school or other accredited post-secondary educational institution. 	<ul style="list-style-type: none"> Education expenses for elementary through high school, college and graduate school including tuition and fees, books, uniforms, tutoring, room and board, transportation and computers.
CONTRIBUTIONS	<ul style="list-style-type: none"> There is an overall limit on the amount that can accumulate in the plan of around \$250,000 (may vary per state). Contributions can be made in an amount up to the overall accumulation limit. 	<ul style="list-style-type: none"> The maximum contribution limit is \$2,000 per child, per year. Contributions may be made until the child reaches age 18.
INCOME LIMITS	<ul style="list-style-type: none"> There are no income eligibility limits for those contributing to the plan. 	<ul style="list-style-type: none"> Eligibility to make 2006 contributions is phased out for adjusted gross incomes between \$95,000 and \$110,000 (single filers) or \$190,000 and \$220,000 (married filing jointly).
INCOME TAX TREATMENT	<ul style="list-style-type: none"> Earnings accumulate income tax deferred; qualified withdrawals are federal income tax free if used for qualified education expenses.* Nonqualified withdrawals are subject to federal and state income tax and a 10 percent penalty. Some states allow a state income tax deduction for contributions to certain plans. 	<ul style="list-style-type: none"> Contributions are not deductible from federal or state income tax, but earnings accumulate tax deferred.
CHANGE OF BENEFICIARIES	<ul style="list-style-type: none"> Beneficiary of plan may be changed to a family member without adverse tax consequences. 	<ul style="list-style-type: none"> Beneficiary of plan may be changed to a family member without adverse tax consequences.
ACCOUNT CONTROL	<ul style="list-style-type: none"> Owner has complete control of the values in the Section 529 Plan, even after beneficiary reaches the age of majority. 	<ul style="list-style-type: none"> Owner may assume control of account until student reaches the age of majority
FUND FAMILY OPTIONS OFFERED THROUGH FARM BUREAU	<ul style="list-style-type: none"> American Funds® Fidelity Investments® 	<ul style="list-style-type: none"> American Funds® Dreyfus Premier Funds EquiTrust® Mutual Funds

You can contribute to both a Coverdell Account and a Section 529 Savings Plan in the same year, but there may be gift tax implications if you give more than a certain amount.

*This provision is currently set to expire in 2010.

Did you know?

Over a lifetime, the gap in earning potential between people with a high school diploma and those with a Bachelor's degree (or higher) is more than \$1 million.²

