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Oct. 14, 2019



A growing mountain of student debt is impacting more people than ever before. Nationwide, around 45 million borrowers now owe more than \$1.5 trillion in student loans – the second highest consumer debt category behind mortgage debt.

Avoiding monumental debt loads and college tuition sticker shock may be possible by saving early, planning ahead, and making smart choices. The Illinois CPA Society suggests some options for covering education-related expenses down the road.

529 Education Savings Plans

Also known as qualified tuition plans, 529s are tax-advantaged savings plans

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public college.

- **Defined contribution-type account balance plans** – These plans are funded with after-tax contributions. Funds in these 529 accounts grow on a tax-free basis, much like in a Roth IRA, and withdrawals remain tax-free if used for qualified education expenses.

UGMA & UTMA accounts

UGMA (Uniform Gift to Minors Act) and UTMA (Uniform Transfer to Minors Act) are custodial accounts for children under 18. Transfers of funds, stocks or other financial assets – often from parents and grandparents – can be made to UGMA and UTMA accounts for minors. In both accounts, a portion of the capital gains is tax-free. Funds can be used to pay higher education costs, but there are no restrictions on how distributions may be used as long as they directly benefit the child.

Grants and Scholarships

Both are sources of free financial aid to cover college or vocational school costs. Grants, such as the federal government's Pell Grant, are often based on need and available depending on certain criteria, such as family income. Grants and scholarships are also available through state governments, schools, and private or not-for-profit organizations. More information is available from the [U.S. Department of Education](#).

In addition, scholarships and financial awards for Illinois college accounting students are available through the Illinois CPA Society. Details are available on the Illinois CPA Society's [scholarships page](#).

Education Loans

Student loans are available through the federal government as well as private banks

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knowledge to help guide parents through the college savings landscape and determine the best strategy for their student. The Illinois CPA Society has a free “[Find a CPA](#)” online directory where you can easily locate a CPA near you with your language preference.

The [Illinois CPA Society](#), with more than 24,600 members, is one of the largest state CPA societies in the nation. Our mission is dedicated to enhancing the value of the CPA profession through the strategic initiatives of advocacy, information, education and connections.

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