

# How to Maximize Your Maryland 529 Tax Benefits

# Maryland 529

Did you know that Maryland taxpayers may be eligible for a State income deduction if they open a new OR contribute to an existing Maryland 529 account?

formerly College Savings Plans of Maryland

## STEP 1: SAVE



### 2 AVAILABLE PLANS:

- Maryland College Investment Plan (MCIP)
- Maryland Prepaid College Trust (MPCT)

#### Who may be eligible for income deductions?

Each family member who opens a new account OR contributes to an existing account. →

Contribute to both plans to increase your income deductions. →

Deduct up to \$2,500 for each beneficiary in each MCIP plan and/or each MPCT contract. →  
Deductions apply to Maryland taxable income for your contributions in that tax year.



MOM



DAD



GRANDMA

PLANS	ACCOUNT HOLDER	ACCOUNT CONTRIBUTORS	
MCIP	\$2,500	\$2,500	\$2,500
MPCT	\$2,500	\$2,500	\$2,500
<b>DEDUCTIONS</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>

**\$10,000** combined annual income deduction.\*

\*Based on the example of a mother opening an MCIP and MPCT plan for a single beneficiary and the mother's spouse and beneficiary's grandmother contributing to both plans.

\*\*Account holders and contributors can each deduct contributions regardless of their marital status or tax ling status (individual or joint).

## STEP 2: REINVEST



**\$190 estimated State and local tax savings per \$2,500 income deduction\***

\*Note that this is a hypothetical scenario and the amount of savings from your income deduction may vary.

**= \$760 in annual tax savings for Mom & Dad**

Based on the example of four \$2,500 income deductions.



**\$10,500** estimated additional money saved for college if you reinvest \$760 in tax savings each year for the next 10 years.\*\*

\*\*Assumes an investment in a tax-deferred vehicle with a 6% hypothetical rate of return compounded annually and a 0.20% annual program fee. This is for illustrative purposes and does not represent the return of any specific investment option. Investment returns in a college savings plan will vary and may be higher or lower than in this example.

## STEP 3: REPEAT



**More accounts/beneficiaries**

**= More deductions + More to reinvest**

Open MCIP and/or MPCT accounts **for each child** in your family. Open an MCIP account **for yourself** if you plan to pursue your own degree or graduate degree.

Visit [Maryland529.com](http://Maryland529.com) for complete details.

Please carefully read the Enrollment Kit, available online, which describes the investment objectives, risks, expenses, and other important information that you should consider before you invest in a Maryland 529 Plan. Also, if you or your beneficiary live outside of Maryland, you should consider before investing whether your state or your beneficiary's state offers state tax or other benefits for investing in its 529 plan. Tax benefits may be conditioned on meeting certain requirements, such as residency, purpose for or timing of distributions, or other factors applicable.

As with all State and Federal tax matters, please consult with your tax advisor.