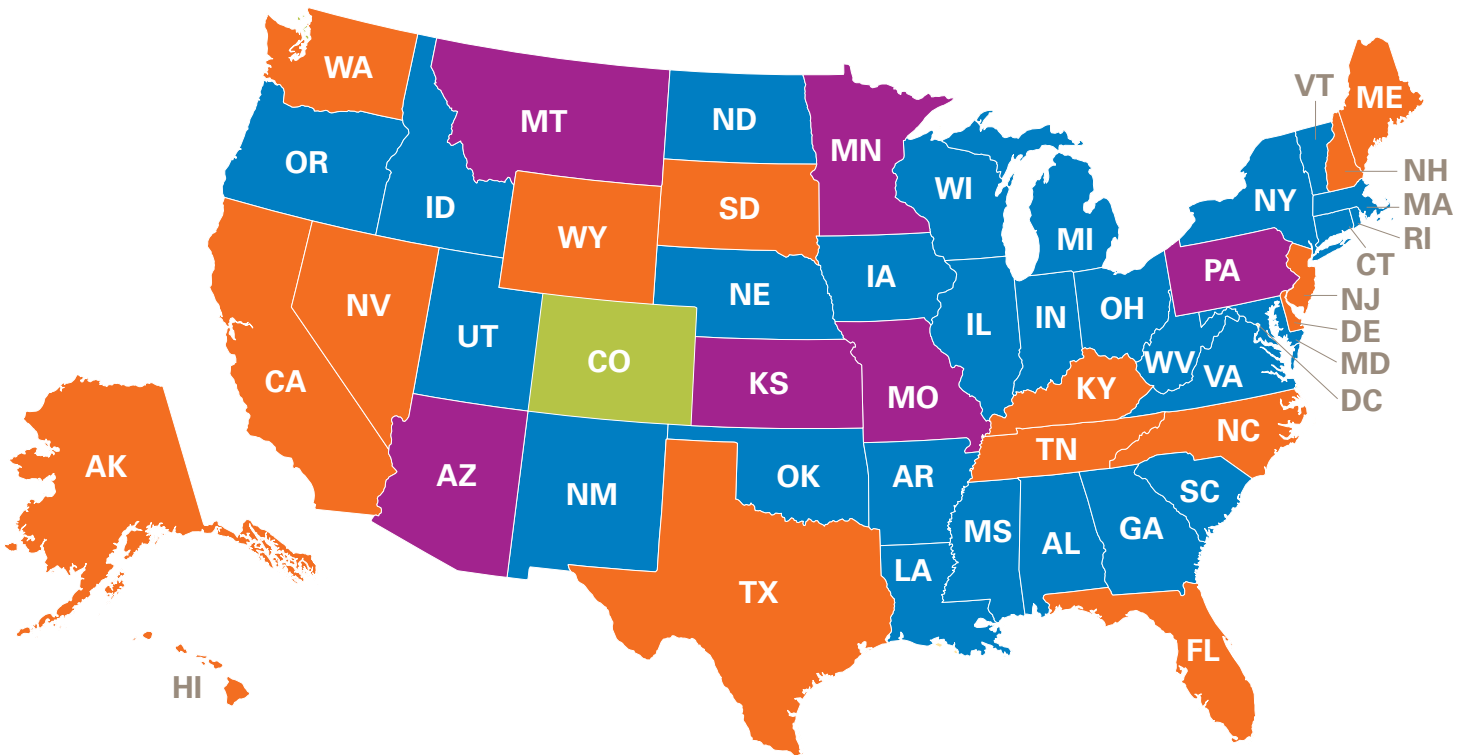


UNDERSTANDING STATE TAX DEDUCTIONS

529 Tax Benefits by State 2018 Edition



- Colorado**
This is the home state of the Scholars Choice® College Savings Program. Colorado state taxpayers enjoy an annual state income tax deduction to the extent of the contributor’s Colorado taxable income for that year for contributions to a Colorado 529 plan.
- Tax parity states**
These states offer residents a state income tax deduction for contributions made to any other state’s 529 plan: Arizona, Kansas, Minnesota, Missouri, Montana and Pennsylvania.
- Tax neutral states**
These states offer no state income tax deduction for contributions: Alaska, California, Delaware, Florida, Hawaii, Kentucky, Maine, Nevada, New Hampshire, New Jersey, North Carolina, South Dakota, Tennessee, Texas, Washington and Wyoming.
- States with tax considerations**
These states offer state income tax deductions if certain criteria are met. Please see the reverse side for a list of states and details on state income tax deductibility.

Restrictions and limitations apply. Please seek guidance from a tax or financial advisor.

Tax considerations

State	Maximum annual in-state tax deduction limit - 2017 ¹	Deduction eligibility	Carry forward ²
COLORADO	Fully deductible up to the Colorado taxpayer's taxable income	Per taxpayer per beneficiary	
ARIZONA	\$2,000 (I) \$4,000 (J)	Per taxpayer	
KANSAS	\$3,000 (I) \$6,000 (J)	Per taxpayer per beneficiary	
MINNESOTA	\$1,500 (I) \$3,000 (J) or opt for non-refundable tax credit of half contributions up to \$500 ^{1,8}	Deduction eligibility per taxpayer	
MISSOURI	\$8,000 (I) \$16,000 (J)	Per taxpayer ⁵	
MONTANA	\$3,000 (I) \$6,000 (J)	Per account owner	
PENNSYLVANIA	\$15,000 (I) \$30,000 (J)	Per taxpayer per beneficiary	
ALABAMA	\$5,000 (I) \$10,000 (J)	Per taxpayer	
ARKANSAS	AR Plans: \$5,000 (I) \$10,000 (J) Non-AR Plans: \$3,000 (I) \$6,000 (J)	Per taxpayer	4 years
CONNECTICUT	\$5,000 (I) \$10,000 (J)	Per taxpayer	5 years
DIST. OF COLUMBIA	\$4,000 (I) \$8,000 (J)	Per account owner	5 years
GEORGIA	\$2,000(I) \$4,000 (J)	Per beneficiary	
IDAHO	\$6,000 (I) \$12,000 (J)	Per taxpayer	
ILLINOIS	\$10,000 (I) \$20,000 (J)	Per taxpayer	
INDIANA	20% tax credit on contribution of up to \$5,000 (Maximum yearly credit is \$1,000)	Per taxpayer	
IOWA	\$3,387 (I) \$6,774 (J) for 2018; adjusted annually for inflation	Per account owner per beneficiary	
LOUISIANA	\$2,400 (I) \$4,800 (J) ³	Per taxpayer per beneficiary	Unlimited with an "active account"
MARYLAND	\$2,500 (I) 5,000 (J)	Per account owner per beneficiary	10 years
MASSACHUSETTS	\$1,000 (I) \$2,000 (J)	Per taxpayer	
MICHIGAN	\$5,000 (I) \$10,000 (J) ⁴	Per taxpayer	
MISSISSIPPI	\$10,000 (I) \$20,000 (J)	Per taxpayer	
NEBRASKA	\$10,000 (I & J) \$5,000 if married filing separately	Per taxpayer ⁵	
NEW MEXICO	Fully deductible	Per taxpayer	
NEW YORK	\$5,000 (I) \$10,000 (J)	Per taxpayer ⁵	
NORTH DAKOTA	\$5,000 (I) \$10,000 (J)	Per taxpayer	
OHIO	\$4,000 (I & J)	Per beneficiary	Unlimited
OKLAHOMA	\$10,000 (I) \$20,000 (J)	Per taxpayer	5 years
OREGON	\$2,435 (I) \$4,865 (J), adjusted annually for inflation	Per taxpayer	4 years
RHODE ISLAND	\$500 (I) \$1,000 (J)	Per taxpayer ⁵	Unlimited
SOUTH CAROLINA	Fully deductible	Per taxpayer	
UTAH	5% tax credit on contributions up to \$2,000 (I) \$4,000(J) Maximum credit is \$96 (I) \$192 (J), adjusted annually for inflation	Per taxpayer per beneficiary ⁶	
VERMONT	10% tax credit on contributions up to \$2,500 (I) \$5,000 (J) Maximum credit is \$250 (I) \$500 (J)	Per taxpayer per beneficiary	
VIRGINIA	\$4,000 (I & J) Fully deductible for account owners age 70 and older	Per account owner ⁷	Unlimited
WEST VIRGINIA	Fully deductible	Per taxpayer per beneficiary	5 years
WISCONSIN	\$3,280 (I & J) \$1,640 if married filing separately	Per taxpayer per beneficiary	Unlimited

Important information CT, CO, DC, GA, IN, KS, MI, MO, PA, RI: "Rollover in" (from another qualified 529 program) is not deductible. IL, VT, WI: Only principal portion of "rollover in" is deductible. AL: Qualified withdrawals from non-AL plans are not excluded from AL state tax. AR, CO, IL, KS, LA, ME, MO, ND, NJ, NV, PA, RI, TN, UT, WV: Other monetary incentives exist, including grants. Review Program Disclosure Statement.

I = Filing Individually, J = Filing Jointly

¹ In-state tax deduction may be subject to recapture on nonqualified withdrawals and/or outbound rollovers in subsequent years.

² Carry forward - Some states allow taxpayers who contribute above the annual in-state tax deduction limit to apply the contribution to future state income tax returns. This allows the taxpayer to derive the full benefit of the in-state tax deduction in subsequent years.

³ Double deductions of up to \$4,800 may be claimed for an account opened for an eligible needy, nonrelated beneficiary.

⁴ Contributions are reduced by qualified withdrawals during the year for purposes of determining the amount that may be deducted.

⁵ Contributions deductible only if made by the account owner.

⁶ Contributions by a non-account owner are creditable by the account owner.

⁷ Contributions by a non-account owner are deductible by the account owner.

⁸ Non-refundable tax credit is subject to phase-out starting at adjustable gross income of \$75,000 (single filer). Only one tax benefit can be claimed in a given tax year.

Sources: Legg Mason and Savingforcollege.com, August 2017.

An investor should consider the Program's investment objectives, risks, charges and expenses before investing. The Program Disclosure Statement at www.scholars-choice.com/PDS, which contains more information, should be read carefully before investing. If an investor and/or an investor's beneficiary are not Colorado taxpayers, they should consider before investing whether their home states offer 529 plans that provide state tax and other benefits only available to state taxpayers investing in such plans.

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