

## WEEKLY FOCUS

### National 529 College Savings Plan Day

May 29 is National 529 College Savings Plan Day, a great time to focus on this important tool in planning for future education. 529 College Savings Plan funds were created to help families save for college tuition, books, and room and board. The money you contribute grows tax-free, and qualified distributions aren't taxed. Although contributions aren't deductible on your federal taxes, over 30 states offer a tax deduction or credit on state taxes.

Recent federal tax reform has expanded possible uses for these funds. But each state administers their own 529 plan, so rules vary from plan to plan. Since most plans don't have residency rules, you're not limited to your own state's plan. So if your state doesn't offer a benefit you're looking for, you may want to shop around. Extra options or better investment performance of another state's plan might outweigh the benefits of your state's tax deduction. (Only seven states offer tax parity for contributions to any states' plan.)

Here are some things you might not know about federal 529 plan rules:\*

1. You can now use up to \$10,000 in 529 funds per year on qualified elementary or high school expenses.
2. You can make a tax-free rollover of 529 funds to an ABLE account with the same beneficiary or a family member beneficiary. (ABLE accounts are like 529s but are intended to cover expenses of individuals with disabilities.) Funds that roll over count against the \$15,000 annual contribution limit for ABLE accounts.
3. You can pay up to \$10,000 in student loans with 529 plan funds.
4. There is no beneficiary age limit. Funds can be used for career development programs, certificates, and advanced degrees. In fact, anyone can set up and benefit from a 529 – a friend, your grandchild or relative, even yourself if you want to consider an encore career or continued education.

Opening a 529 account is an investment decision. To find out if opening a 529 is right for you or for help in choosing the right 529, call our office. We can answer your 529 questions and guide you through the financial planning process.

\*Remember to check your state plan for its specific rules.

## FINANCIAL FACTS

**Good Idea** — 71 percent of 1,864 Americans surveyed in late April 2021 believe the U.S. government should have a balanced budget each fiscal year, as opposed to running annual budget deficits. The U.S. government's last balanced budget occurred in fiscal year 2001 (source: Center for American Political Studies at Harvard, BTN Research).

**Pent-Up Demand** — U.S. consumers purchased \$234.4 billion of foreign imports in March 2021, the largest monthly total recorded in U.S. history. The low point for the purchase of foreign imports during the pandemic was \$166.5 billion in May 2020 (source: Department of Commerce, BTN Research).

**Price Increase** — Inflation, using the Consumer Price Index, was up 4.2 percent on a trailing one-year basis through April 30, 2021. The last calendar year that reported inflation of at least 4.2 percent was 1990 when inflation advanced 6.1 percent (source: Department of Labor, BTN Research).

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## THE MARKETS

Wall Street closed a volatile week with stocks mixed as investors balanced inflation concerns against a strengthening economic recovery. On Thursday, the primary indices snapped a three-day losing streak after a report showed the lowest number of new weekly jobless claims since the recession in 2020. For the week, the Dow fell 0.43 percent to close at 34,207.84. The S&P lost 0.39 percent to finish at 4,155.86, and the NASDAQ climbed 0.33 percent to end the week at 13,470.99.

Returns Through 5/21/21	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.43	12.61	42.66	13.55	17.03
NASDAQ Composite (TR)	0.33	4.81	46.17	23.32	24.35
S&P 500 (TR)	-0.39	11.29	43.24	17.16	17.40
Barclays US Agg Bond (TR)	0.07	-2.63	-0.47	5.37	3.22
MSCI EAFE (TR)	1.06	9.08	42.90	6.85	10.05

Source: Morningstar.com. \*Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond, NASDAQ and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. (TR) indicates total return. MSCI EAFE returns stated in U.S. dollars.

If you would like to talk with John about the topics discussed in this article, or you would like to set up a phone or in person appointment to review your accounts or discuss any concerns about the markets, etc., with John, then please contact our office at 408-440-1020, or [John.plaza@securitiesamerica.com](mailto:John.plaza@securitiesamerica.com) to arrange a time that is convenient for you.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright May 2021. All rights reserved. Securities offered through Securities America, Inc., broker-dealer and member of FINRA and SIPC. Investment advisory services offered through Securities America Advisors, Inc. and/or Arbor Point Advisors LLC, registered investment advisers. Securities America, Inc., Securities America Advisors, Inc., and Arbor Point Advisors LLC are separately owned and other entities and/or marketing names, products or services referenced here are independent. Securities America • 12325 Port Grace Blvd. • La Vista, NE 68128 • 800-747-6111 • [securitiesamerica.com](http://securitiesamerica.com) # 3604337.1