

nuveen

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2021 EDITION

Understanding State Tax Deductions

What you need to know about 529 tax benefits



Scholars Choice 
EDUCATION SAVINGS PLAN BY COLLEGEINVEST®

Tax Considerations

State	Maximum annual in-state tax deduction limit - 2021 ²	Deduction eligibility	Carry forward ³
Colorado	Fully deductible up to the Colorado taxpayer's taxable income	Per taxpayer per beneficiary	
Arizona	\$2,000 (I) \$4,000 (J)	Per taxpayer	
Arkansas	AR Plans: \$5,000 (I) \$10,000 (J) Non-AR Plans: \$3,000 (I) \$6,000 (J) ¹	Per taxpayer	4 years
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 ⁴	Deduction eligibility per taxpayer	
Missouri	\$8,000 (I) \$16,000 (J)	Per taxpayer ⁵	
Montana	\$3,000 (I) \$6,000 (J)	Per account owner ⁶	
Pennsylvania	\$15,000 (I) \$30,000 (J)	Per taxpayer per beneficiary	
Alabama	\$5,000 (I) \$10,000 (J)	Per taxpayer	
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	\$4,000 (I) \$8,000 (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 contributions of up to \$5,000 (Maximum yearly credit is \$1,000)	Per taxpayer	
Iowa	\$3,474 (I) \$6,948 (J) for 2021; adjusted annually for inflation (2021)	Per account owner; per beneficiary	
Louisiana	\$2,400 (I) \$4,800 (J) ⁷	Per taxpayer per beneficiary	Unlimited with an "active account"
Maryland	\$2,500 (I) 5,000 (J)	Per taxpayer per beneficiary	10 years
Massachusetts	\$1,000 (I) \$2,000 (J)	Per taxpayer	
Michigan	\$5,000 (I) \$10,000 (J) ⁸	Per taxpayer	
Mississippi	\$10,000 (I) \$20,000 (J)	Per taxpayer	
Nebraska	\$10,000 (I & J) \$5,000 if married filing separately	Per account owner ⁵	
New Mexico	Fully deductible	Per taxpayer	
New York	\$5,000 (I) \$10,000 (J)	Per account owner 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	Eligible for a state tax credit up to \$150 (I) \$300 (J) ⁹	Per taxpayer	
Rhode Island	\$500 (I) \$1,000 (J)	Per taxpayer	Unlimited
South Carolina	Fully deductible	Per taxpayer	
Utah	5% tax credit on contributions up to \$2070 (I) \$4140 (J) Maximum credit is \$104 (I) \$208 (J), adjusted annually for inflation (2021)	Per taxpayer per beneficiary ¹⁰	
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 ¹¹	Unlimited
West Virginia	Fully deductible	Per taxpayer per beneficiary	5 years
Wisconsin	\$3,380 (I & J) \$1,690 if married filing separately and divorced parents, adjusted annually for inflation (2021)	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, ND, NJ, NV, PA, RI, TN, WV: Other monetary incentives exist, including grants. Review Plan Description for more details.
I = Filing Individually, J = Filing Jointly

- Note: While Arkansas is not a so-called "Tax Parity" state, to the extent a full state tax deduction cannot be taken for contributions to a non-Arkansas sponsored 529 Plan, Arkansas taxpayers can still take a partial deduction for a contribution to the Scholars Choice 529 Plan. Speak with your financial professional for details.
- In-state tax deduction may be subject to recapture on nonqualified withdrawals and/or outbound rollovers in subsequent years.
- 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.
- A tax credit equal to 50% of the contributions to accounts, reduced by any withdrawals, may be claimed with a maximum credit amount of up to \$500 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.
- Contributions deductible only if made by the account owner.

- Only contributions made by the account owner, the account owner's spouse, or the account owner's custodian/parent are deductible.
- Double deductions of up to \$4,800 may be claimed for an account opened for an eligible needy, non-related beneficiary.
- Contributions are reduced by qualified withdrawals during the year for purposes of determining the amount that may be deducted.
- The amount the taxpayer must contribute to get the full credit increases based on the taxpayer's income (see <https://www.oregoncollegesavings.com/faqs/category/Taxes> for the breakdown). The tax credit went into effect on January 1, 2020, replacing the state income tax deduction. The deduction was allowed for contributions to an Oregon 529 plan of up to \$2,435 by an individual, and up to \$4,865 by a married couple filing jointly in computing Oregon taxable income, with a four-year carry forward of excess contributions. For account owners taking advantage or planning to take advantage of the carry forward, this option remains available through December 31, 2019. Account owners are able to carry forward the unused subtraction over the following four years. The new tax credit would be in addition to any carried forward deductions.
- Contributions by a non-account owner are creditable by the account owner.
- Contributions by a non-account owner are deductible by the account owner.
Sources: Nuveen and Savingforcollege.com, April 2021

About CollegeInvest collegeinvest.org

CollegeInvest is a not-for-profit division of the Colorado Department of Higher Education, and a trusted resource providing 529 college savings plans, financial education and scholarships for higher education.

Where can I find more information?

Visit www.scholars-choice.com

Scholars Choice is a registered service mark of CollegeInvest.

The Scholars Choice Education Savings Plan is offered by the State of Colorado. TIAA-CREF Tuition Financing, Inc. is the Plan Manager and Nuveen Securities, LLC is the Distributor.

There are various risks associated with an investment in the Scholars Choice Education Savings Plan; principal loss is possible. The Scholars Choice Education Savings Plan's Investment Portfolios are subject to the risks of the underlying fund(s) in which they invest and other risks, as described in the Plan Description.

Before investing, carefully consider the investment objectives, risks, charges and expenses of the Scholars Choice Education Savings Plan, including whether the investor's or Designated Beneficiary's home state offers any state tax or other benefits that are only available for investment in such state's qualified tuition program. Other state benefits may include financial aid, scholarship funds, and protection from creditors. For this and other information that should be read carefully, please request a Plan Description at 888-5-SCHOLAR (888-572-4652) or visit scholars-choice.com.

Participation in the Scholars Choice Education Savings Plan does not guarantee that the account's assets will be adequate to cover future tuition or other higher education expenses, or that contributions and the investment return on contributions, if any, will be adequate to cover future tuition and other eligible education expenses or that a Designated Beneficiary will be admitted to or permitted to continue to attend any eligible educational institution. Contributions to an Account and the investment earnings, if any, are not guaranteed or insured.

State Administrator, Trustee & Issuer



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