

To: [REDACTED]
Cc: [REDACTED]
From: [REDACTED]
Sent: Mon 11/2/2015 6:38:44 PM
Subject: RE: 401K vs 529 Question...

[REDACTED]

Would the 401k be a traditional 401k or a Roth 401k?

Typically, 529 plans are not tax deductible for federal purposes. However, the earnings will grow tax-deferred until the funds are distributed in the future. The funds in the 529 would need to be used for qualifying college expenses or could be subject to a 10% penalty upon withdrawal.

Your resident state of [REDACTED] will allow up to a \$10,000 annual deduction for joint filers. You can contribute more but would need to consider potential gift tax issues if giving more than \$14,000 per year per recipient.

If you contributed to a traditional 401k, you can put up to \$18,000 for 2016, which you reduce your current year taxable income.

Thanks,

[REDACTED]

-----Original Message-----

From: [REDACTED]
Sent: Monday, November 02, 2015 12:50 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: 401K vs 529 Question...

Hi [REDACTED]...hoping I can ask you a quick question ...my employer and I are discussing either starting me up with a 401K (where he would match my contribution 100%) vs starting a 529 for my son...my boss thinks it may be more beneficial, tax wise on our part, if he were to start a 529, but he is not sure...might you know tax wise what is best for us?

Thanks, [REDACTED]

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