



Donald Rohner, A.W.M.A.  
First Vice President -  
Investments  
1717 Arch Street  
21st Floor  
Philadelphia, PA 19103  
215-665-6388  
800-526-6397  
drohner@janney.com



What happens if I need to use the funds in a 529 plan before my child goes to college?

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## What happens if I need to use the funds in a 529 plan before my child goes to college?

### Answer:

The good news is that you can withdraw money from your 529 account at any time and use it for any purpose. But unfortunately, if you're not using the money for qualified education expenses, you may have to pay a 10 percent federal penalty tax on the earnings portion of the funds you've withdrawn (a state penalty may also apply). And as the account owner, you may owe federal (and in some cases state) income taxes on the earnings portion as well. So, make sure you fully understand the financial consequences before tapping 529 funds for a reason other than to pay education expenses.

Note: Investors should consider the investment objectives, risks, charges, and expenses associated with 529 plans before investing. More information about 529 plans is available in each issuer's official statement, which should be read carefully before investing. Also, before investing, consider whether your state offers a 529 plan that provides residents with favorable state tax benefits.

Janney Montgomery Scott LLC Financial Advisors are available to discuss the suitability and risks involved with various products and strategies presented. We will be happy to provide a prospectus, when available, and other information upon request. Please note that the information provided includes reference to concepts that have legal, accounting and tax implications. It is not to be construed as legal, accounting or tax advice, and is provided as general information to you to assist in understanding the issues discussed. Neither Janney Montgomery Scott LLC nor its Financial Advisors (in their capacity as Financial Advisors) give tax, legal, or accounting advice. We would urge you to consult with your own attorney and/or accountant regarding the application of the information contained in this letter to the facts and circumstances of your particular situation.

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