

TIME WELL SPENT



August 2026

Investing in *Their Future*



As many of you know, I am weeks away from an exciting (and intimidating) chapter of life: parenthood. While diapers and daycare may be the headline expenses today, I know those costs are just the beginning. From competitive sports and a first car to college tuition and beyond, establishing a savings plan early can make a meaningful difference.

UTMAs, 529 Plans, and the newly introduced Trump Accounts each offer a way to save and invest for a child or grandchild. It is important to know their differences before deciding what is better suited to your goals.

UNIFORM TRANSFERS TO MINORS ACT (UTMA) ACCOUNTS

A UTMA allows family and friends to contribute assets on behalf of the child. A custodian, typically a parent or guardian, manages the account until the beneficiary reaches the applicable age of majority, at which point the assets transition to the beneficiary.

One advantage of a UTMA is flexibility. Before the child takes control, funds must be used for their direct benefit, which can be defined as purchasing an instrument for music lessons, covering school-related expenses, paying for summer camp, and so on. UTMAs can therefore help families prepare for both anticipated and unexpected costs while investing for the child's future.

529 PLANS

If education is the primary goal, a 529 Plan may be worth considering. Contributions are made with after-tax dollars, and the investments grow tax deferred. Withdrawals are later treated as tax-free, assuming they are used for qualified education expenses.

The 529 plan offers unique features, such as the ability to change a beneficiary to another eligible family member, or the option to roll some amount of unused funds into a Roth IRA for the beneficiary, subject to several requirements and limitations.

TRUMP ACCOUNTS

Trump Accounts are a new savings vehicle intended to give children an early start on long-term investing and retirement. An account can be established for an eligible child before the year they turn 18, and family, friends, and even employers may contribute.

Generally, up to \$5,000 per year may be contributed on an annual basis. Investment choices are more restricted and largely consist of qualifying low-cost index funds. Because Trump Accounts are designed for long-term savings, access to funds is highly restricted before age 18. After the age of majority is reached, the account can be rolled into a traditional IRA, where standard IRA rules apply.

WHICH ACCOUNT IS RIGHT?

The biggest differences among these accounts come down to purpose, flexibility, investment choices, and contribution rules.

Whether the goal is preparing for the many expenses that come with raising a child, tackling the rising cost of education, or simply giving the next generation a financial leg up, the key is starting early!

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THE AFI IMPACT

COMMUNITY - CONNECTION - COMMITMENT



NEW WEBSITE LAUNCHED

AFIADVISORS.COM

WHAT TO PRIORITIZE 10, 8, 5, 3, AND 1 YEAR BEFORE RETIREMENT

Topics Include:

- Income and cash flow planning
- Social Security and Medicare timing
- Investment and risk considerations
- Tax planning opportunities
- Preparing for your first year of retirement



DID YOU KNOW?

Starting early can matter just as much as how much you save. When money has more time to grow, compounding allows investment earnings to potentially generate earnings of their own. That means even modest contributions made during a child's early years can have decades to build. Waiting until college or another major expense is approaching can require much larger contributions to pursue the same goal. Whether saving through a 529 Plan, UTMA, or another investment strategy, giving your money more time may be one of the greatest advantages you can provide.

THINK BEYOND COLLEGE

A child's financial future can include much more than tuition. Families may eventually face costs for activities, a first car, housing, or other opportunities. Thinking about the purpose of your savings early can help determine which type of account best supports those future goals.

START SMALL. START EARLY.

You don't need a large lump sum to begin investing for a child. Regular contributions made over many years can add up, especially when investments have time to potentially grow. The important first step is establishing a plan that fits your family's goals, budget, timeline, and expectations for the future.

Money, In Plain English: 529 Plan

What it is: A tax-advantaged investment account designed to help families save for future education expenses.

Why it matters: Earnings can grow tax-deferred and qualified education withdrawals can generally be tax-free.

When it usually comes up: When families want to start preparing early for a child's future education costs.

Northeast State at 60 | Megan Davidson

60 years of education. Thousands of lives changed. And the story is still being written. We sit down with Megan Davidson, Director of Development at Northeast State Community College, alongside former Northeast State Foundation Chair Peter Raber, for a conversation about the college's remarkable 60-year journey.

Megan shares where Northeast State came from, the impact it's making across our region today, and—most importantly—where the college hopes to go next.

From students and alumni to workforce development, community partnerships, and the Northeast State Foundation, this conversation is a look at what happens when education and community move forward together.

60 years down. The next chapter is just beginning.

