

**EXHIBIT 2
TAX-FAVORED EDUCATION SAVINGS VEHICLES**

	Qualified Tuition Program	Coverdell ESA	Qualified U.S. Savings Bonds
Applicable IRC section	529	530	135
Tax benefit	Account investment earnings not taxed	Account investment earnings not taxed	Interest income not taxed
Maximum contribution	Determined by QTP plan provisions; generally equal to amount necessary to provide for QEEs	\$2,000 per beneficiary	None
Maximum annual qualifying distribution	Amount of QEEs	Same	Same
MAGI phaseout	No phaseout	On individuals' contributions: \$95,000–\$110,000 \$190,000–\$220,000 (MFJ)	On utilization of benefit: \$58,500–\$73,500 \$87,750–\$117,750 (MFJ)
Whose expenses?	Initial designated beneficiary can be anyone.	Beneficiary can be anyone, but must be under age 18 at time of contribution.	Taxpayer, spouse, dependent
Definition of Qualifying Education Expenses (QEE)	Undergraduate and graduate tuition and required enrollment fees. Books, supplies, and equipment. Room and board for a student enrolled at least half-time. Expenses for special needs students. QEEs are reduced for nontaxable scholarships, Pell grants, employer-provided educational assistance, veterans' educational assistance, other nontaxable reimbursements.	QTP defined QEEs plus: For K–12 education at public, private, or religious schools: Tuition and required enrollment fees, room and board, tutoring, uniforms, transportation, computer access. Also includes payments to a QTP.	Undergraduate and graduate tuition and required enrollment fees. Payments to either a Coverdell ESA or a QTP.
Can benefit be used in same year as other savings vehicles?	Yes, and for the same eligible student, assuming sufficient qualifying expenses. Generally, only one tax benefit can be claimed for a particular education expense.		
Can benefit be used in the same year as Hope, LLC, or TF deduction?	Yes, and for the same eligible student, assuming sufficient qualifying expenses. Generally, only one tax benefit can be claimed for a particular education expense.		
Rollovers	Rollovers allowed from designated beneficiary to related family member, and from one QTP to another.	Same as QTP, except that CESAs must be fully used by beneficiary before age 30, or rolled over.	Taxpayer must qualify under MAGI phaseout to effect a rollover