

Why Michigan Families Should Consider the Michigan Education Savings Program (MESP)

The cost of college keeps rising—today averaging **\$11,000 a year** for in-state public universities and over **\$40,000 for private schools**. For Michigan families, that makes saving ahead of time more important than ever.

The **Michigan Education Savings Program (MESP)**—our state’s official 529 college savings plan—offers a smart, flexible way to prepare. What makes it even more powerful is the combination of **federal tax benefits** (which all 529 plans share) plus **Michigan-only state tax deductions** that no out-of-state 529 plan can match.

At **Landis Wealth Management**, we help families cut through the complexity, showing how MESP compares to other savings options like bank accounts, custodial accounts, Coverdell ESAs, or even Roth IRAs. For most Michigan families, MESP stands out as the most efficient way to save for education.

Why MESP Is a Big Deal for Michigan Residents

The real advantage comes from Michigan’s **exclusive state tax deduction**:

- Contribute up to **\$5,000 per year** (or **\$10,000 for married couples**) and deduct it from your Michigan taxable income.
- At Michigan’s flat tax rate of 4.25%, that can mean up to **\$425 in state tax savings every year**.
- If you put in more than the annual limit, you can carry forward the extra and deduct it over the next five years.

No other type of account—whether a bank savings account, custodial account, or even another state’s 529—offers this Michigan-only perk.

And of course, like all 529s:

- Money grows **tax-deferred**.
- Withdrawals for education are **completely tax-free**.
- New rules (like SECURE 2.0) even allow leftover funds to be rolled into a Roth IRA, adding long-term flexibility.

How Much Can You Contribute?

MESP is built to handle both small and large contributions:

- No annual federal limit (though gift tax rules apply).
- Lifetime cap of **\$500,000 per beneficiary**.

That makes it far more flexible than alternatives like Coverdell ESAs (which max out at \$2,000 per year) or Roth IRAs (which are designed for retirement, not college, and cap at \$7,000 annually).

What Can MESP Pay For?

MESP funds can cover a **wide range of education expenses**, including:

- Tuition, fees, books, supplies, and room & board at most accredited colleges and universities (in Michigan, across the U.S., and even abroad).
- Up to **\$10,000 per year** for K–12 tuition.
- Expenses for apprenticeships.
- Up to **\$10,000 lifetime** for student loan repayment.

This flexibility makes it a stronger option than many alternatives, where withdrawals for non-qualified uses often trigger taxes or penalties.

Why MESP Beats Other Options for Michigan Families

Here's how MESP stacks up against other common savings tools:

- **Traditional Bank Account:** Safe, but interest is taxable every year and returns are very low. MESP offers tax-free growth and state tax savings.
 - **Custodial Accounts (UTMA/UGMA):** Assets belong to the child at age 18–21 and can hurt financial aid eligibility. MESP gives parents control and is treated more favorably for aid.
 - **Coverdell ESA:** Only \$2,000 annual contribution limit, with income restrictions. MESP allows much higher contributions and broader uses.
 - **Roth IRA:** Great for retirement, but not built for college savings. Contributions are capped, and earnings may be penalized if withdrawn early. MESP avoids these hurdles and adds Michigan tax benefits.
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Why Landis Wealth Management Emphasizes MESP

We know every family's financial situation is different. Some want to save aggressively, while others just want to start small and grow steadily. That's where we come in. At **Landis Wealth Management**, we help you:

- Maximize Michigan's **unique tax benefits**.
- Decide how much to save and which **investment options** fit your timeline and comfort with risk.
- Coordinate college savings with **other financial priorities** like retirement, estate planning, or debt reduction.
- Avoid common pitfalls, like setting up accounts in ways that could hurt financial aid.

Final Word

For Michigan families, the Michigan Education Savings Program is more than just another way to save—it's a **homegrown solution with tax advantages you won't get anywhere else**.

Whether you're a parent, grandparent, or even saving for your own education, MESP gives you flexibility, growth potential, and long-term control.

If you'd like to see how MESP can fit into your family's bigger financial picture, our team at **Landis Wealth Management** is here to guide you every step of the way. Together, we'll make saving for education a clear, achievable part of your plan.

An investor should consider, before investing, whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as, financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 college savings plan. The availability of such tax or other benefits may be conditioned on meeting certain requirements

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