



# GIFT529

## *10 tips for* **SAVING FOR COLLEGE**

### **1. SAVE IN THE RIGHT PLACE.**

529 plans were designed specifically for saving for college. They are tax-advantaged<sup>1</sup> programs created to help families save for a child's future education expenses. When the student is ready for school, the account owner can withdraw the assets, tax-free, for qualified higher education expenses: tuition, mandatory fees, books, supplies, and equipment required for enrollment or attendance, and certain room and board costs. The Arkansas 529 GIFT Plan is a plan designed specifically for Arkansas residents.

### **2. START EARLY...**

Parents of teenagers already know this, but college comes in the blink of an eye. It is never too early to start saving.

### **3. ...BUT IT'S NEVER TOO LATE, EITHER.**

Even when students are ready to head off to college, they can benefit from last minute savings. Money invested in 529 plan accounts can be used for books, computers, and many other college-related costs, so having those tax-free earnings available for qualified expenses can be a help.<sup>1</sup>

### **4. ENLIST FRIENDS AND FAMILY.**

Inviting grandparents and friends to contribute to a child's 529 plan is a great way to boost savings. Ugiff® is an online tool that allows account owners to email an invitation to contribute to college savings for birthdays, events, or any milestone in lieu of a traditional gift.

### **5. DON'T EXPECT TO SAVE IT ALL.**

The cost of college continues to increase and has consistently outpaced inflation. It's unrealistic to believe that most families can sock away every penny they'll need for higher education costs. Combining savings, financial aid, and loans will give families a higher education plan that makes sense.

### **6. SAVING LITTLE BY LITTLE MAKES A DIFFERENCE.**

Adding small but regular amounts to a 529 plan account over time gives investments more time to potentially grow. 529 plan accounts offer recurring contribution plan options that allow investors to have amounts deducted automatically from a savings or checking account on a regular schedule, generally monthly or quarterly.<sup>2</sup>

## 7. MAKE THE MOST OF REWARDS PROGRAMS.

Rewards programs like Upromise® give members a way to earn additional college savings when shopping online, booking travel, dining out, buying groceries or even purchasing a home. The money earned from everyday spending goes directly into a member's Upromise account, and earnings can then be invested in a tax-advantaged 529 plan account.<sup>3</sup>

## 8. TEACH YOUR CHILDREN WELL.

One of the most daunting challenges in preparing for higher education costs is a common lack of knowledge. Encouraging financial literacy for all phases of life, including saving for college and beyond, will give a significant boost to the next generation.

## 9. EMPLOYERS ARE PARTICIPATING, TOO.

Slowly but surely, corporations are seeing the value of offering access to 529 plans as a part of their benefits packages.

## 10. THINK OUTSIDE THE TRADITIONAL BOX.

Higher education is not limited to our notion of a traditional four-year university. 529 plan account savings can be used for technical or vocational schools, community colleges, graduate programs and even K-12 tuition.<sup>4</sup> Savings strategies can extend beyond children to adults who are thinking about retraining or advanced degrees.

For more information on the Arkansas 529 GIFT Plan – Arkansas' college savings program, please visit [arkansas529.org](http://arkansas529.org).

<sup>1</sup>Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

<sup>2</sup>A plan of regular investment cannot assure a profit or protect against a loss in a declining market.

<sup>3</sup>Upromise is an optional program offered by Upromise, Inc., is separate from the GIFT College Investing Plan, and is not affiliated with the State of Arkansas. Terms and conditions apply to the Upromise program. Participating companies, contribution levels, and terms and conditions are subject to change at any time without notice. Transfers from Upromise to an Arkansas 529 GIFT Plan account are subject to a \$25 minimum. Upromise and the Upromise logo are registered service marks of Upromise, Inc.

<sup>4</sup>Expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school, not to exceed \$10,000 per student per year in the aggregate across all 529 Plans for such student. See the Program Description for more information. Tax treatment of K-12 tuition expenses differs by state.

*For more information about the GIFT College Investing Plan (the "GIFT Plan"), call 1.800.587.7301 or visit [arkansas529.org](http://arkansas529.org) to obtain a Program Description and Participation Agreement, which includes investment objectives, risks, charges, expenses and other information; read and consider it carefully before making an investment or sending money.*

*Before you invest, consider whether your or the 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 that state's qualified tuition program.*

The GIFT Plan is a college tuition savings program sponsored by the State of Arkansas and administered by the Arkansas Section 529 Plan Review Committee ("Committee"). Ascensus Broker Dealer Services, LLC (ABD), the Program Manager, and its affiliates have overall responsibility for the day-to-day operations, including investment advisory services, recordkeeping, administrative services and marketing of the GIFT Plan. The GIFT Plan's Portfolios invest in: (i) mutual funds; or (ii) an FDIC-insured omnibus savings account held in trust by the Committee at Sallie Mae Bank. Except for the GIFT Plan Savings Portfolio, investments in the GIFT Plan are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns will vary depending upon the performance of the GIFT Plan Portfolios you choose. Except to the extent of FDIC insurance available for the GIFT Plan Savings Portfolio, you could lose all or a portion of your money by investing in the GIFT Plan, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

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