



## Get To Know Arkansas' 529 Plan

### What is the Arkansas 529 GIFT Plan?

The Arkansas 529 GIFT Plan is a tax-advantaged savings plan allowing families to make saving for college a reality. Higher education expenses can seem daunting and are often overlooked, but with the Arkansas 529 GIFT Plan, savings can happen incrementally. The Arkansas 529 GIFT Plan is a 529 plan sponsored by Arkansas designed to help families realize their savings goals. Most importantly, Arkansas residents can use their savings for more than just tuition costs. Savings can include coverage of the entire college experience including: books and supplies, certain room and board costs and other higher education expenses. Luckily for residents, the Arkansas 529 GIFT Plan offers a solution when saving for one of life's most important expenses.

### How does the Arkansas 529 GIFT Plan work?

The Arkansas 529 GIFT Plan allows savers to choose the investment strategy that's right for them, their families and their risk tolerance. Account owners can choose from age-based, custom portfolio and Arkansas 529 GIFT Plan Savings Portfolio options.

### How does the Arkansas 529 GIFT Plan help with savings?

#### *Ability to save for college regularly*

- **Start with as little as \$10.** Accounts can be opened for as little as \$10 a month (or \$30 per quarter) with an automatic investment plan (AIP) or a one-time contribution of \$25.<sup>1</sup>
- **Recurring contributions.** Contributions can also be made through payroll direct deposit with a \$5 minimum per pay period, making the program both convenient and manageable.<sup>1</sup>

#### *Accounts are easily managed*

- **Easy access.** Accounts can be managed and opened at [www.arkansas529.org](http://www.arkansas529.org).

#### *Added tax savings*

- **Arkansas 529 GIFT Plan accounts grow tax deferred.** Contributions up to \$5,000 per taxpayer (\$10,000 total per married couple) to the Plan are deductible for Arkansas state income tax purposes (subject to recapture). Effective January 1, 2017, contributions over \$5,000 per taxpayer (\$10,000 per married couple) to the Plan made in a tax year may be carried forward to the next succeeding four (4) tax years. Withdrawals used for qualified educational expenses are tax-free, with any unused excess contribution in a tax year being carried over to the next succeeding four tax years, beginning January 1, 2017.<sup>3</sup>

### *Use assets at schools around the country*

- Contrary to popular belief, **Arkansas 529 GIFT Plan** account funds can be used at any eligible, accredited public or private college, university, trade school, even for K-12 tuition.<sup>4</sup>

### *Flexible assets*

- **Arkansas 529 GIFT Plan provides options.** Account owners can switch a designated beneficiary to a qualified family member without incurring penalties or federal income taxes.

## **Additional opportunities for savings:**

- Participation from family and friends. Ugift® invites family and friends to contribute to an Arkansas 529 GIFT Plan account.
- Opportunities for more savings. Upromise® can help account holders earn college savings on everyday purchases.

## **Benefits for Arkansas 529 GIFT Plan account owners:**

- No annual account maintenance fee if either the account owner or the beneficiary is an Arkansas resident.
- Arkansas taxpayers can deduct up to \$5,000 (up to \$10,000 for married couples) of their GIFT Plan contributions from their Arkansas adjusted gross income.<sup>3</sup>

## **The 529 Plan Advantage:**

### *Tax-free qualified withdrawals*

Withdrawals used to pay for qualified higher education expenses are free from federal and state income tax, so more of the savings can go toward paying for college instead of toward taxes.<sup>2</sup>

### *Estate and gift tax advantages*

Contributions can be made up to \$15,000 (up to \$30,000 for married couples) per designated beneficiary each year to an Arkansas 529 GIFT Plan account without incurring federal gift tax consequences.<sup>5</sup> Contributions can be made up to \$75,000 per designated beneficiary in a single year (up to \$150,000 for married couples).

<sup>1</sup>A plan of periodic investment does not assure a profit or protect against a loss in declining markets.

<sup>2</sup>Earnings on non-qualified withdrawals may be subject to federal income tax and 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>3</sup>Contributions to the Arkansas 529 GIFT Plan in a tax year are deductible from Arkansas state income tax, subject to recapture in subsequent years in which a non-qualified withdrawal or a rollover out to another state's 529 plan is made.

<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. An eligible institution is one that can participate in federal financial aid programs.

<sup>5</sup>The gift will be prorated over five years. In the event the donor does not survive the five-year period, a prorated amount will revert back to the donor's taxable estate.

*For more information about the GIFT College Investing Plan (the "GIFT Plan"), call 1-800-587-7301 or visit [www.arkansas529.org](http://www.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.*

*If you are not an Arkansas taxpayer, 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.

**Not FDIC-Insured (except for the Gift Plan Savings Portfolio). No Bank, State, or Federal Guarantee. May Lose Value.**

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

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