Conservative investing and college savings

Market volatility has many investors rethinking their appetite for risk and reviewing their investment lineup. Your financial advisor can help you determine what, if any, changes you might want to consider.

The importance of tax benefits
Many 529 plans offer important tax advantages that can help enhance the total return of conservative investments.

- The impact of tax-deferred growth can result in a higher total return over the same investment in a taxable account.
- Indiana taxpayers are eligible for a state income tax credit of 20% of contributions to a CollegeChoice Advisor account, up to $1,000 credit per year.*
- If assets in a 529 account are used for qualified expenses, withdrawals are tax exempt.**

Tax benefits can mean more dollars for college
The tax benefits listed above can translate into additional money available for college. The following example demonstrates how investing in a conservative investment option within a 529 plan account may generate enough extra money to pay for two years of books.

Invest $20,000 in a conservative investment option returning 3% for 4 years:

- The tax-deferred amount in the 529 account conservative investment: $22,547
- The taxable amount in a comparable conservative investment: $21,882
- The difference: Nearly $700, which could pay for most of the required books and supplies for the student's first year

In addition, you can apply the Indiana state income tax credit to the initial investment of $20,000:

- The credit: 20% of contributions up to $1,000*
- State tax savings: $1,000†, which could cover most of year two's required books and supplies

Assumptions: This hypothetical is for illustrative purposes only. It does not reflect an actual investment in any particular 529 plan account or any taxes payable upon withdrawal. For all options at the time of contributions, distribution, and deduction, taxpayer is in the 25% federal income tax bracket and has taxable income of $100,000. Please consult your tax advisor.

* This credit may be subject to recapture from the account owner (not the contributor) in certain circumstances, such as a rollover to another state’s 529 plan or a non-qualified withdrawal.

** 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.

† State tax savings may increase federal income taxes. Please consult your tax advisor for more information.
Specific portfolio risks:

Bond portfolios
Bonds and bond portfolios are subject to credit and interest-rate risk and will decrease in value as interest rates rise.

TIPS portfolio
TIPS involve the risk that principal may not increase with true inflation due to the accuracy of CPI calculations. Short-term prices of TIPS could be negatively affected if interest rates spike higher, and principal potentially could be adjusted lower in the event of deflation. TIPS inflation adjustments are subject to the U.S. government’s ability to pay them.

For more information about the CollegeChoice Advisor 529 Savings Plan (“CollegeChoice Advisor”), contact your financial advisor, call 1.866.485.9413, or visit www.collegechoiceadvisor529.com to obtain a Disclosure Statement, which includes investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing. Upromise Investments, Inc. (“UII”) is Distributor of CollegeChoice Advisor.

If you are not an Indiana 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.

CollegeChoice Advisor is administered by the Indiana Education Savings Authority (Authority). UII, the Program Manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping and administrative services, and marketing. CollegeChoice Advisor’s Portfolios invest in: (i) exchange-traded funds; (ii) mutual funds; or (iii) an FDIC-insured omnibus savings account held in trust by the Authority at Sallie Mae Bank. UII and Sallie Mae Bank are affiliates. Except for the Savings Portfolio, investments in CollegeChoice Advisor are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of the units will vary with market conditions.

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

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