

Fact or *fiction*

The biggest myths about 529 plans

Fiction: A 529 plan can only be used at schools in your home state.

Fact: You can use the assets at any eligible school in the country and abroad—not just in Indiana. That includes 2- and 4-year colleges, graduate schools (including law and medical), vocational/technical schools, and registered apprenticeships.

Fiction: You can only use 529 plans to pay for tuition.

Fact: You can use your account assets for many eligible expenses, including tuition, fees, certain room and board costs, computers and course-related software, supplies, and equipment.

Fiction: It costs a lot to open and maintain an account.

Fact: You can open an Indiana529 Direct Savings Plan account with only \$10, or with \$10 per paycheck through payroll direct deposit (where available).¹ To help families save more, Indiana529 Direct offers additional programs, like Ugift® which allows account owners to invite family and friends to make gift contributions, and Upromise®, a service that lets account owners earn education savings when they shop online, dine out, and more.²

Fiction: You have to make a lot of investment decisions.

Fact: 529 plans have several investment types to meet your needs. Indiana529 Direct offers both “keep it simple” Year of Enrollment Portfolios in which the portfolio automatically becomes more conservative as the beneficiary gets closer to enrollment, and Individual Portfolios from leading investment managers that let you create your own strategy.

Fiction: It's too late to start a 529 plan.

Fact: It's never too late. Even saving a small amount means less money you'll have to borrow and pay back with interest later. Indiana529 Direct earnings grow tax-deferred, and when you withdraw the money for a qualified expense, it's federally tax-free.³ Indiana taxpayers are also eligible for a state income tax credit of 20% of contributions to an Indiana529 Direct account, up to \$1,500 (\$750 for married filing separately) per year.⁴

Fiction: Having a 529 will prevent the child from being eligible for financial aid.

Fact: While a 529 plan can affect financial aid eligibility, the impact will be small. Depending on who owns the account, your 529 savings could be counted at a rate of as little as 3% of its value on the Student Aid Index (SAI). Be sure to consult a financial aid professional for your specific situation.

Fiction: A 529 plan is only for kids.

Fact: Are you considering career retraining or an advanced degree? There's no maximum age for a 529 plan. As long as your school is eligible, you can use your 529 plan assets—even if you're not attending full-time.

Fiction: If the child doesn't go to college, you lose your money.

Fact: Unlike other education savings options, a 529 plan account owner controls the account! That means you can change your beneficiary to another eligible "member of the family" (as per plan rules) with no tax penalty.⁵

Fiction: Only a parent can be an account owner.

Fact: Parents, grandparents, aunts, uncles, friends ... almost anyone can be an account owner. You can also open an account for your own education.

Fiction: It's difficult to open up a 529 plan account.

Fact: You can open an Indiana529 Direct account at Indiana529direct.com in as little as 10 minutes.

Learn more about Indiana529 Direct

1-866-485-9415 | Indiana529direct.com

¹A plan of regular investment cannot assure a profit or protect against a loss in a declining market.

²Upromise is an optional program offered by Upromise, LLC, is separate from Indiana529 Direct, and is not affiliated with the State of Indiana. 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 Indiana529 Direct account are subject to a \$50 minimum and do not count towards the Indiana state tax credit.

³Earnings on nonqualified 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. Tax and other benefits are contingent on meeting other requirements and certain other withdrawals may be subject to federal, state, and local taxes.

⁴This credit may be subject to recapture from the account owner (not the contributor) in certain circumstances, such as rollovers to another state's 529 plan, federal nonqualified withdrawals, withdrawals used to pay elementary or secondary school tuition for a school outside of Indiana, education loan repayments, or rollovers to a Roth IRA account, as described in the Disclosure Booklet.

⁵See the Indiana529 Direct Disclosure Booklet for more information.

For more information about the Indiana529 Direct Savings Plan (Indiana529 Direct), call 1-866-485-9415 or visit www.Indiana529direct.com to obtain a Disclosure Booklet, which includes investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing.

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.

Indiana529 Direct is administered by the Indiana Education Savings Authority (Authority). Ascensus Broker Dealer Services, LLC, the program manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping and administrative services, and marketing. The Indiana529 Direct Portfolios invest in: (i) mutual funds; (ii) a stable value account held in trust by the Authority at Vanguard; and/or (iii) an FDIC-insured omnibus savings account held in trust by the Authority at NexBank. Except for the Savings Portfolio, investments in Indiana529 are not insured by the FDIC. Units of the Portfolios are municipal fund securities and the value of units will vary with market conditions.

Upromise is a registered service mark of Upromise, LLC. Ugift is a registered service mark.

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