

529 Myths

Did you know?

- ?** **MYTH:** A 529 Plan can only be used at schools in your home state.

✓ **FACT:** You can use the assets at any eligible school around the country and abroad. That includes 2- and 4-year colleges, graduate schools (including law and medical) and vocational/technical schools.¹
- ?** **MYTH:** You can only use 529 plans to pay for tuition

✓ **FACT:** You can use your account assets for many higher education expenses, including tuition, fees, and certain room and board costs.²
- ?** **MYTH:** It costs a lot to open and maintain an account

✓ **FACT:** Most plans have low minimums. Some require only \$25 or even less, if you're contributing through payroll direct deposit or an Automatic Investment Plan (AIP).³ To help families save more, some plans offer matching grants, rewards programs, or gifting services that let others make gift contributions.
- ?** **MYTH:** You have to make a lot of investment decisions

✓ **FACT:** Whether you prefer a one-step or do-it-yourself strategy, 529 plans generally offer several investment types that can meet your needs. The one-step strategy is an age-based option where the investment becomes more conservative as the beneficiary gets closer to college age. The do-it-yourself strategy offers a range of individual portfolios that allow you to create your own investment plan.
- ?** **MYTH:** I make too much money for a 529 plan account

✓ **FACT:** There are no income limitations for a 529 plan.
- ?** **MYTH:** 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.
- ?** **MYTH:** If the child doesn't go to college, you lose your money

✓ **FACT:** Unlike other college 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.⁴
- ?** **MYTH:** 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.
- ?** **MYTH:** It's difficult to open up a 529 plan account

✓ **FACT:** Most 529 plans let you open an account online, so even busy families can start saving for higher education.
- ?** **MYTH:** It's too late to start a 529 plan

✓ **FACT:** It's never too late. Even if your student is in high school or you are planning to enroll in classes soon, you can still take advantage of the tax benefits of a 529 plan. In addition, the more you manage to save now, the less you will have to borrow later.

The availability of tax or other state benefits (such as financial aid, scholarship funds and protection from creditors) may be conditioned on meeting certain requirements, such as residency, purpose for or timing of distributions, or other factors.

To learn more about the Learning Quest 529 Education Savings Program, visit www.learningquest.com.

Before investing, carefully consider the plan's investment objectives, risks, charges and expenses. This information and more about the plan can be found in the Learning Quest Handbook, available by contacting American Century Investment Services, Inc, Distributor, at 1-800-579-2203, and should be read carefully before investing. If you are not a Kansas taxpayer, consider before investing whether your or the beneficiary's home state offers a 529 plan that provides its taxpayers with state tax and other benefits not available through this plan.

¹ An eligible institution is one that can participate in federal financial aid programs.

² 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.

³ A plan of regular investment cannot assure a profit or protect against a loss in a declining market.

⁴ The availability of tax or other benefits may be conditioned on meeting certain requirements, such as residency, purpose for or timing of distributions, or other factors.

As with any investment, it is possible to lose money by investing in this plan. The value of your Learning Quest account may fluctuate, and it is possible for the value of your account to be less than the amount you invested.

This information is for educational purposes only and is not intended as tax advice.

Notice: Accounts established under Learning Quest and their earnings are neither insured nor guaranteed by the state of Kansas, the Kansas State Treasurer or American Century Investments.

Administered by Kansas State Treasurer Jake LaTurner
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