

# College **SAVE**<sup>TM</sup>

Bank of North Dakota's 529 Plan



*Achieve more.*



## Plan now to help your children achieve their dreams

There's no doubt that a college education is an investment that can yield a wealth of opportunity. But for a child born today, a four-year public college could cost more than \$260,000 — and possibly more than double that amount for a private institution.<sup>1</sup> The numbers are humbling, but the College SAVE Plan, administered by Bank of North Dakota (BND), can help you save for the future.

On the following pages, you'll read how College SAVE can help you:

- Stretch your money further with **tax advantages**
- Save with a North Dakota **state tax deduction**
- Match your contribution dollar for dollar, up to \$300, with the **BND Match**; available to North Dakota residents only.<sup>2</sup>
- **New Baby Match**, which aims to give \$200 to every North Dakota newborn with no income restrictions!<sup>2</sup>
- **Kindergarten Kickoff Match**, which aims to match \$100 into a new or existing College SAVE account for account owners with Kindergarten-age beneficiaries.<sup>2</sup>
- Save even more with **Ugift®** and **Upromise®**<sup>3</sup>

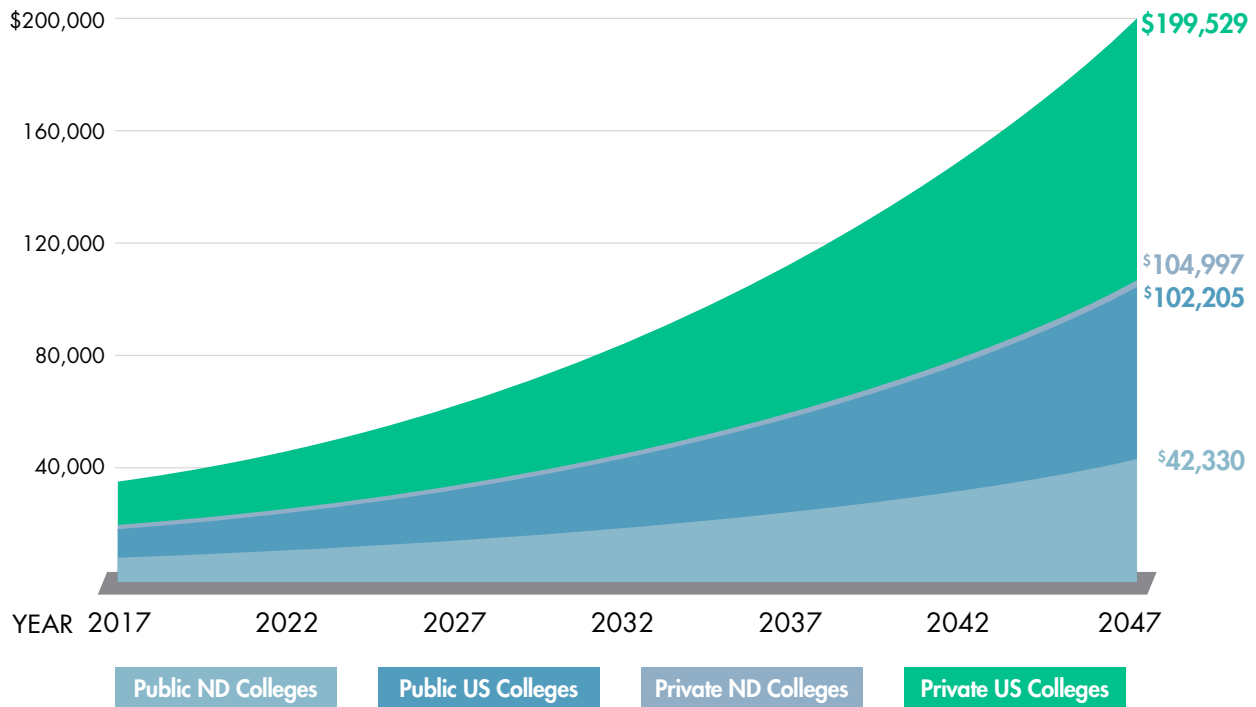
### **Managed by industry leaders**

College SAVE, a tax-advantaged education savings plan, is administered by Bank of North Dakota. Ascensus Broker Dealer Services, LLC (ABD) serves as the Plan Manager, and Vanguard is Investment Manager.

## The rising cost of a college degree

We all want our children to have the chance to live their dreams. But college comes with a price. Between 2010-11 and 2020-21, published in-state and fees at public four-year institutions increased by 16 percent.<sup>4</sup> By planning ahead, you can help your child achieve their dreams of a college education.

### Tuition costs are rising



Costs based on College Board: *Trends in College Pricing, 2017* and North Dakota resident on-campus budgets for 2017-2018. Future costs based on initial costs from this source have been computed using a 6% annual inflation rate to provide a closer comparison with overall U.S. costs.

College Board: *Trends in College Pricing, 2017*.

Bank of North Dakota College Handbook: 2017-2018.

<sup>1</sup>[www.collegeboard.org](http://www.collegeboard.org), College Cost Calculator. Calculated based on an annual increase of 6% with college costs beginning in 18 years and 4 years of public (in-state) college attendance.

<sup>2</sup>The BND Match, New Baby Match, and Kindergarten Kickoff Match are subject to the availability of funds and can be modified, reduced or stopped at the discretion of Bank of North Dakota.

<sup>3</sup>Upromise is an optional program offered by Upromise, LLC, is separate from College SAVE, and is not affiliated with the State of North Dakota and Bank of North Dakota. 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 a College SAVE account are subject to a \$50 minimum. Upromise and the Upromise logo are registered service marks of Upromise, LLC.

<sup>4</sup>The College Board, *Trends in College Pricing, 2020*





## Achieve more with college savings

529 college savings plans like the College SAVE Plan were developed to give families an easy, tax-advantaged way to save for higher education. Whether a child is starting pre-school or middle school, it's never too early or too late to start saving. The important thing is to start right now by enrolling in a 529 plan, which offers valuable benefits:

**Tax-free qualified withdrawals:** Use your assets for any eligible school's tuition, fees, and the cost of books, supplies, computers, and equipment required for enrollment or attendance. Assets can also be used for certain room and board expenses for students enrolled at an eligible school at least half-time.<sup>5</sup> Additionally, qualified education expenses can include certain apprenticeship program fees<sup>6</sup> as well as up to \$10,000 of repayments on qualified education loans.<sup>7</sup>

**Affordable:** You can enroll in a 529 plan for as little as \$25; there are no income limits. Remember: Even small, regular investments have the potential to add up to a significant sum over time.<sup>8</sup>

**Flexible:** Your student can attend any eligible K-12 school,<sup>9</sup> college, graduate school, or trade or vocational institution — not just those in North Dakota. Also, if your child decides college is not in their future, you can transfer the funds to another child.<sup>10</sup>

**Control:** As the participant, you have control over how and when a 529 plan's assets are used.

Most of all, a 529 plan can give you the satisfaction of knowing that you're taking a positive step toward making college more accessible for a child in your life.

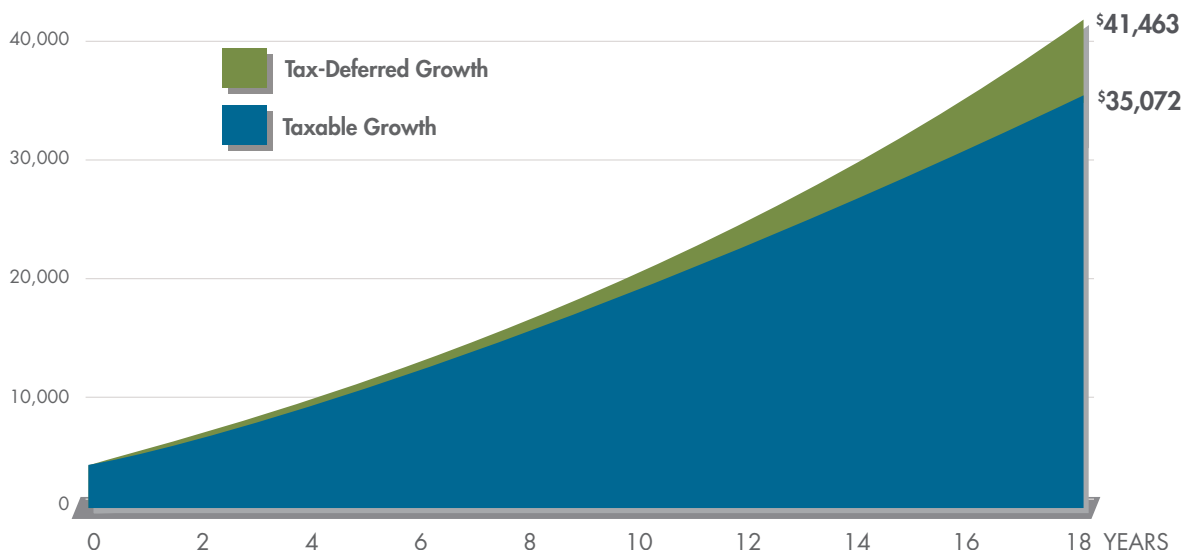
## Take advantage of favorable tax treatment

When you invest in a 529 plan, your earnings grow tax deferred. That means you have the potential to increase your savings more quickly than if you had invested in a taxable account.

The hypothetical example below shows how tax-deferred assets can add up over time. Both accounts were started with an initial investment of \$2,500 and the participant added \$100 each month for 18 years. At the end of 18 years, the tax-deferred account is worth over \$6,300 more. That's the benefit of a 529 plan.

### Tax advantages can make your dollars grow faster

Year after year, the unique tax advantages of 529 plans can help your child go further on the path to a college education



Assumptions: \$2,500 initial investment with subsequent monthly investments of \$100 for a period of 18 years; annual rate of return on investment of 5% and no funds withdrawn during the time period specified; taxpayer is in the 30% federal income tax bracket for all options at the time of contributions and distribution. This hypothetical is for illustrative purposes only. It does not reflect an actual investment in any particular 529 plan or any taxes payable upon non-qualified distribution.

<sup>5</sup>Earnings on non-qualified distributions 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>6</sup>The apprenticeship program must be registered and certified with the Secretary of Labor under the National Apprenticeship Act.

<sup>7</sup>The loan repayment amount for an individual is subject to a lifetime limit of \$10,000.

<sup>8</sup>A plan of regular investment cannot assure a profit or protect against a loss in a declining market.

<sup>9</sup>College SAVE investment options are designed for saving for higher education and not for elementary/secondary school. Treatment of withdrawals for K-12 tuition expenses may be uncertain. Consult with your tax advisor concerning your individual circumstances.

<sup>10</sup>For designated beneficiary changes to occur without federal or state income taxes, the new designated beneficiary must be a "Member of Family" of the former designated beneficiary. Please see the Plan Disclosure Statement for a definition of a "Member of the Family."

# College SAVE — for your child's promising future

College SAVE offers important tax advantages, flexibility, and access to a range of investment options. Here are some of the valuable benefits of establishing an account:

## Establish an account

- Establish and contribute to a College SAVE account no matter how much you earn. And anyone can contribute to the Plan — parents, grandparents, relatives, and friends.
- Start an account with as little as \$25.
- Your designated beneficiary can be any age and live in any state.
- College SAVE is available to residents of all 50 states.
- As the participant, you maintain control of the assets at all times; you can even change the designated beneficiary.<sup>10</sup>
- You can choose the investments that meet your specific investment requirements, including age-based options or individual portfolios.

## Using the money

- Your College SAVE assets can be used at any eligible trade school, public or private college in the country, and some abroad, as well.
- You can withdraw money to pay for any qualified higher education expenses, including tuition, certain room and board costs, books, computers and supplies required for enrollment or attendance at an eligible school, including both for undergraduate or graduate education.<sup>5</sup>
- You can also use College SAVE assets to pay for K-12 tuition of up to \$10,000 per student per year.<sup>9</sup>

## Tax benefits

- Any earnings from College SAVE accounts are tax-deferred from federal and state income taxes. Withdrawals used for qualified higher education expenses are tax free.<sup>5</sup>
- North Dakota taxpayers can deduct up to \$10,000 if married, filing jointly, and up to \$5,000 if filing single of their College SAVE contributions from their state taxable income.<sup>11</sup>
- You can contribute up to \$30,000 if married, filing jointly and up to \$15,000 filing single per designated beneficiary each year without incurring gift taxes.
- A gift tax exclusion allows you to make five years' worth of contributions — \$150,000 if married, filing jointly (\$75,000 if filing as single) — in a single year and treat them as if they were made over five years for tax purposes.<sup>12</sup>

## Enroll today!

College SAVE's secure website lets you enroll in about 10 minutes and gives you virtually 24/7 online access to your account.

## Professional investment management

College SAVE investments are managed by Vanguard, one of the nation's leading investment managers.





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<sup>11</sup>Rollovers from another state's 529 plan are not considered eligible for the state income tax deduction.

<sup>12</sup>In the event the donor does not survive the 5-year period, a pro-rated amount will revert to the donor's taxable estate.



## More ways to achieve your college savings goals

Bank of North Dakota supports North Dakota residents invested in College SAVE with three match programs. Depending on when you open an account, you could receive all three matches! These programs help you make the most of your college savings efforts.

### 1. BND Match

College SAVE participants who are North Dakota residents apply for the BND Match when they submit their application. Most families qualify for a one-time match of \$300! To apply or to learn more about the BND Match, please see the instructions and guidelines available at [collegesave4u.com/bnd](https://collegesave4u.com/bnd), or by calling **1.866.SAVE.529**.<sup>2</sup>



## 2. New Baby Match

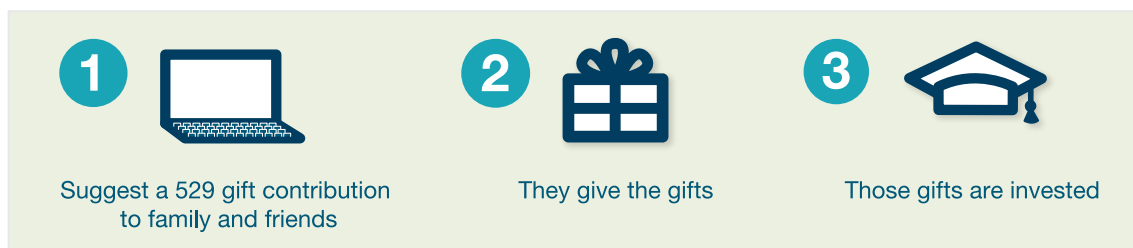
The New Baby Match is Bank of North Dakota's way of celebrating the birth of your newborn and commending you for saving early. Every newborn in North Dakota can receive a \$200 match in their College SAVE account when it's opened before their first birthday with no income restrictions! Visit [collegesave4u.com/baby](https://collegesave4u.com/baby) for more details.<sup>2</sup>

## 3. Kindergarten Kickoff Match

If your child is entering kindergarten and you contribute \$100 into a new or existing College SAVE account, the Bank of North Dakota will match it dollar for dollar. Your total \$100 contribution will need to be received within 12 months of applying for the Match in order to be eligible. Visit [collegesave4u.com/kickoff](https://collegesave4u.com/kickoff) for more details.<sup>2</sup>

## 4. Ugift® – Give College Savings

Ugift is an easy, free-to-use service that lets family and friends make the meaningful gift of money toward your student's education. Gift contributions can be made online or by check, and contributions are coded directly to your College SAVE account. This may be one of the most meaningful gifts your child ever receives.



## 5. Upromise®

Upromise® is a free service that helps families save for college. Upromise provides unique opportunities for members to earn cash back rewards for everyday activities such as shopping, dining, paying and more. Rewards are automatically deposited as contributions to your College SAVE account when you reach \$50 in rewards. Join Upromise for free today:

- Earn \$5.29 in bonus rewards when you open a new Upromise account.
- Earn an additional \$25 in bonus rewards when you link your first College SAVE account to your new Upromise account.
- Earn additional rewards continuously by shopping online through Upromise.com and dining at over 10,000 restaurants nationwide.
- You're automatically entered into the monthly Upromise 529 Scholarship drawing of five \$529 scholarships.

Visit [upromise.com/northdakota](https://upromise.com/northdakota) to enroll. It's fast, easy, and secure.<sup>3</sup>



## Investment flexibility for building a solid plan

With the College SAVE Plan, you can choose between two investment paths, both of which feature investments managed by Vanguard. **Age-Based Options** are one-step, ready-made portfolios; **Individual Portfolios** let you create your own investment plan.

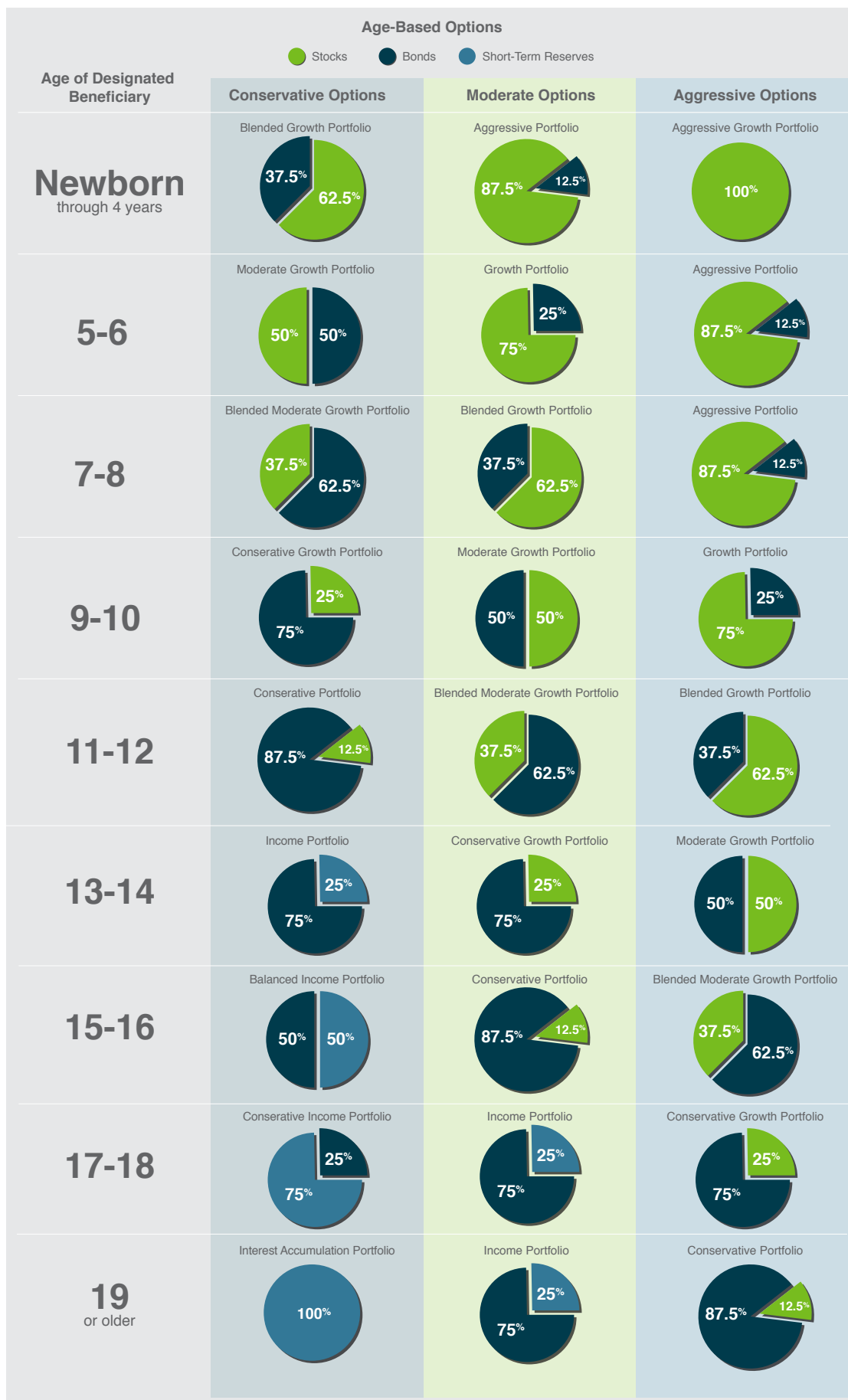
### Age-Based Options: A simplified approach

For those who prefer a simplified approach to investing, College SAVE offers three Age-Based Options: conservative, moderate, and aggressive. When you select any of these options, your savings will move automatically from more aggressive investments when your child is younger, to more conservative investments as they near college age.

As the table to the right shows, for most age groups, the Conservative Age-Based Option has a higher concentration of assets in bonds or short-term investments than the Moderate Age-Based Option. Portfolios with higher allocations to bonds and short-term investments tend to be less volatile than those with higher stock allocations. Less-volatile portfolios generally may not decline as far when markets go down, but also may not appreciate in value as much when markets go up. The more conservative the portfolio, the higher its concentration of bonds and short-term investments.<sup>13</sup>

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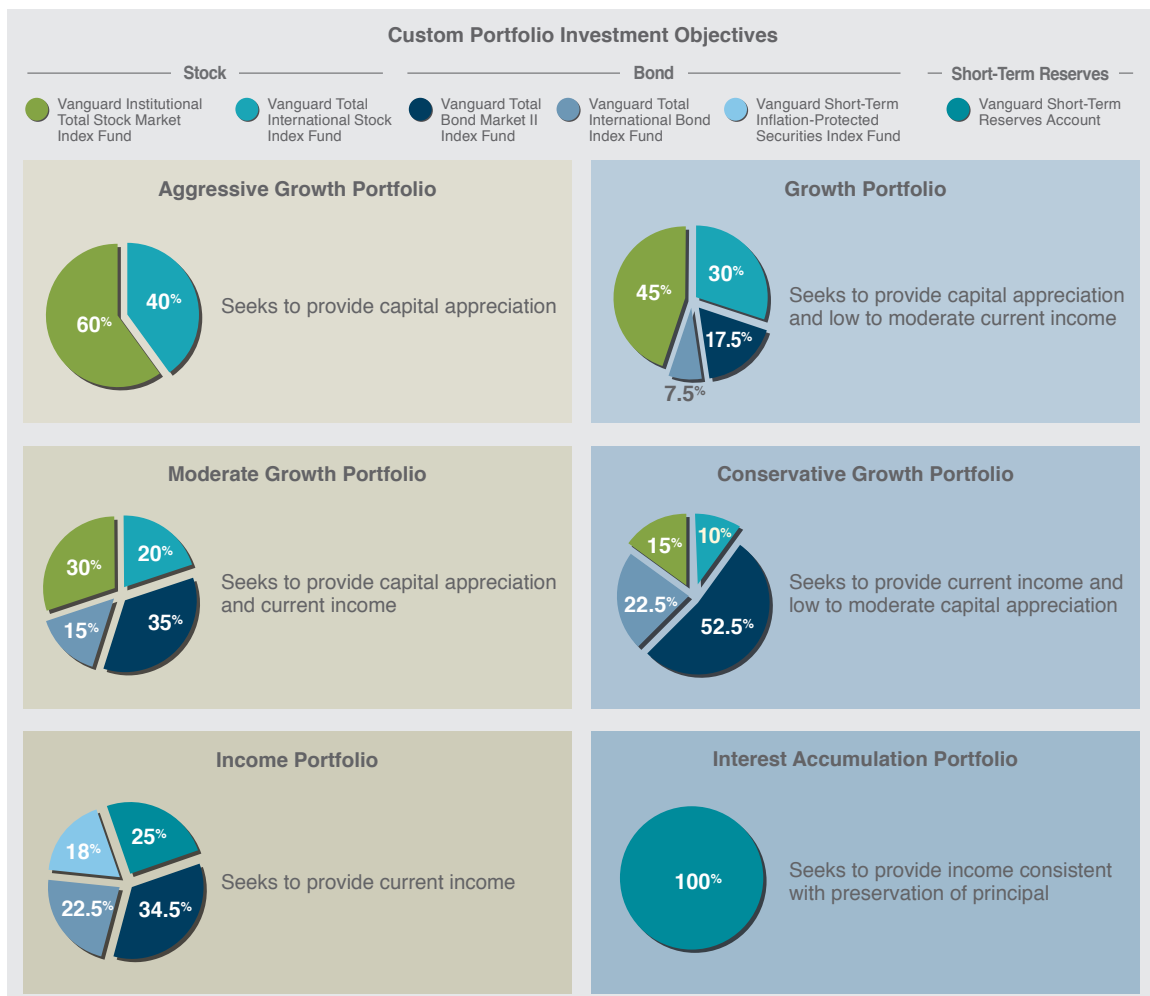
<sup>13</sup>The Plan's Portfolios, although they invest in mutual funds, are not mutual funds. As a Plan participant, you will own units of the Portfolios, which are municipal fund securities, not shares of Vanguard mutual funds. To learn more about the Vanguard mutual funds listed here, visit [www.vanguard.com/visit/funds](http://www.vanguard.com/visit/funds).





## Individual Portfolios: Choose your investment style

You can choose among six Individual Portfolios, which invest in stocks and bonds. As your designated beneficiary nears college, you can consider moving your assets to more conservative investments to help preserve capital and minimize the effects of market fluctuations. However, unlike the Age-Based Options, this change will not automatically occur. Your allocation to Individual Portfolios will remain fixed until you instruct College SAVE to change it.



You could lose money by investing in a portfolio which includes the Vanguard Short-Term Reserves account which in turn invests in the Vanguard Federal Money Market Fund. Although the money market fund in which your investment option invests (the "underlying fund") seeks to preserve its value at \$1.00 per share, the underlying fund cannot guarantee it will do so. An investment in this investment option is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The underlying fund's sponsor has no legal obligation to provide financial support to the underlying fund, and you should not expect that the sponsor will provide financial support to the underlying fund at any time.



## Questions & answers

### What is College SAVE?

College SAVE is a 529 plan established by the State of North Dakota and administered by Bank of North Dakota, the only state-owned bank in the United States.

### Who can open a College SAVE account?

Any U.S. citizen or resident alien with a Social Security number or Taxpayer Identification number. A participant must be 18 years old or older with a U.S. permanent address that is not a P.O. Box. There are no restrictions on state of residence or income.

### Who can be a designated beneficiary?

Designated beneficiaries must be U.S. citizens or resident aliens, with a Social Security number or Taxpayer Identification number. There are no restrictions based on relationship, age, or state

residency. An individual can even open an account to help save for his or her own education. You can transfer the account to a different designated beneficiary but for designated beneficiary changes to occur tax free, the new designated beneficiary must be a “Member of the Family” of the former designated beneficiary.<sup>14</sup>

### How much can I contribute?

You can open a College SAVE account with an initial contribution of as little as \$25 and continue to add through lump sum contributions or with a regular contribution plan, such as an Recurring Contributions or payroll deduction. The maximum allowed in an account is \$269,000. Anyone, including parents, grandparents, relatives, and friends can contribute to a College SAVE Plan account.

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<sup>14</sup>Please see the Plan Disclosure Statement for a definition of a “Member of the Family.”

## Questions & answers

### What is the North Dakota state income tax benefit?

North Dakota taxpayers can deduct up to \$10,000 if married, filing jointly, (up to \$5,000 if filing as single) from their North Dakota state taxable income for their College SAVE contributions.<sup>11</sup>

### What are qualified expenses?

You can use your College SAVE account to pay for tuition, fees, certain room and board costs, books, computers, supplies, and equipment required for enrollment in or attendance at an eligible educational institution.<sup>15</sup> As of 2018, qualified education expenses also include tuition of up to \$10,000 per student in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. Qualified education expenses also include fees, books, supplies, and equipment for certain apprenticeship programs and principal and interest on qualified education loans for the beneficiary or any of the beneficiary's siblings.

### What is Ugift® — Give College Savings?

Ugift is an innovative program that lets participants invite family and friends to celebrate children's milestones with the gift of college savings in place of traditional gifts.

### What is the impact on financial aid?

529 plan assets are counted at different rates for the Expected Family Contribution formula in the Free Application for Federal Student Aid (FAFSA). Assets in your College SAVE account are not treated as assets of a dependent student when determining needs-based eligibility for financial aid. For more information, consult the financial aid office of the schools you are considering.

### Is my designated beneficiary required to attend a North Dakota college or university?

No. The money in your account may be used at any eligible higher education institution in the United States and abroad that qualifies under federal guidelines. This and abroad that qualifies under federal guidelines. This includes most public and private colleges and universities, graduate and post-graduate schools, community colleges, and certain technical and vocational schools.

### What if my designated beneficiary doesn't attend college?

You can change your designated beneficiary to another qualified "Member of the Family" for his or her education expenses.<sup>14</sup> You can also maintain the account in case your designated beneficiary attends college later. If the money is not used for qualified higher education expenses, you may withdraw the money subject to certain taxes and penalties.<sup>5</sup>

### Does College SAVE accept transfers from other 529 plans?

Yes. College SAVE will accept direct and indirect rollovers from other states' 529 plans. Please review the requirements of the state from which you want to rollover, as there may be restrictions and tax consequences. For more information on rollovers, contact a College SAVE Client Service Representative at **1.866.SAVE.529** (1.866.728.3529).

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<sup>15</sup>Eligible educational institutions include two-year and four-year public and private universities, graduate and professional programs, and even some vocational programs. A list of eligible educational institutions can be found at [www.fafsa.gov](http://www.fafsa.gov).





## Take 10 and start a College SAVE account today

In less than 10 minutes, you can open a College SAVE account and begin saving for the children in your life. As you're enrolling, consider signing up for a recurring contribution.<sup>8</sup>

### 1 Read

Be sure to read the enclosed Plan Disclosure Statement. It contains all of the details regarding the Plan and your investment options. If you have any questions, you can call a College SAVE Client Service Representative at **1.866.SAVE.529**.

### 2 Choose

Decide which investment option best fits your needs and risk tolerance.

### 3 Enroll

**Online:** Go to **[www.collegesave4u.com](http://www.collegesave4u.com)** and click on the "Enroll Now" link.

**By mail:**

Complete the Enrollment Form and mail it to:

**College SAVE**

**P.O. Box 219781**

**Kansas City, MO 64121-9781**

## Contact and service

### Telephone

1.866.SAVE.529 (1.866.728.3529)

### Online

[www.collegesave4u.com](http://www.collegesave4u.com)

### Service Center

College SAVE  
P.O. Box 219781  
Kansas City, MO 64121-9781

### Overnight Mail Address

College SAVE  
920 Main Street, Suite 900  
Kansas City, Missouri 64105

**For more information about North Dakota's College SAVE Plan ("College SAVE"), call 1-866-SAVE-529 (1-866-728-3529) or visit [www.collegesave4u.com](http://www.collegesave4u.com) to obtain a Plan Disclosure Statement. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Disclosure Statement; 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.**

The College SAVE Plan is a 529 plan established by the State of North Dakota. Bank of North Dakota (Bank) acts as trustee of College SAVE Trust, a North Dakota Trust, and is responsible for administering College SAVE Trust and College SAVE. Ascensus Broker Dealer Services, LLC ("ABD"), the Plan Manager, and its affiliates, have overall responsibility for the day-to-day operations of the Plan, including recordkeeping and marketing. The Vanguard Group, Inc. (Vanguard) provides underlying investments for the Plan. The College SAVE's Portfolios, although they invest in mutual funds, are not mutual funds. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns are not guaranteed and you could lose money by investing in College SAVE. Participants assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state consequences.

**Not FDIC-Insured. No Bank, State or Federal Guarantee. May Lose Value.**

Ugift is a registered service mark of Ascensus Broker Dealer Services, LLC.