

Planning for College

A Guide For Advisors



SSGA  promise529
POWERED BY SPDR® ETFs

Administered by
Nevada State Treasurer
Dan Schwartz



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POWERED BY **SPDR**[®] ETFs

**We all want
the best possible future
for our children**

However, the high cost of a college education can be a roadblock to that future for many clients. With the **SSGA Upromise 529 Plan** you can offer your clients a realistic and affordable plan to save today for college tomorrow.

The **SSGA Upromise 529 Plan** offers a number of distinct features including:

- A variety of investment options from State Street Global Advisors
- Valuable tax benefits¹
- The use of SPDR® ETFs as the main investment vehicle for the 529 Portfolios²

In addition to the investment options managed by State Street Global Advisors, a Savings Portfolio is offered through Sallie Mae Bank.

¹ The availability of tax or other benefits may be contingent on meeting other requirements.

² Although they invest in ETFs and/or mutual funds, the SSGA Upromise 529 Plan Portfolios are not ETFs or mutual funds themselves. As an SSGA Upromise 529 account owner, you will own units of the portfolio, which are municipal fund securities, not shares of the ETFs or mutual funds.

Why are 529 plans so important?

A college graduate can earn as much as 69 percent more than a high school graduate over the course of their career and may have a significant advantage when it comes to finding employment.³ And in August 2015, the unemployment rate among workers with a bachelor's degree was 2.5 percent, significantly lower than the 5.5 percent unemployment rate among workers with only a high school diploma.⁴ However, despite the great return a higher education can offer, a college degree comes with a steep price tag. According to the College Board, between 2006-07 and 2016-17, published in-state tuition and fees at public four-year institutions increased at an average annual rate of 3.5% per year beyond inflation.⁵

Tuition and Fees: Costs are Rising

Type of College	2015-2016	2016-2017	% Change
Public Two-Year In-State	\$3,440	\$3,520	2.3%
Public Four-Year In-State	\$9,420	\$9,650	2.4%
Public Four-Year Out-of-State	\$24,070	\$24,930	3.6%
Private Nonprofit Four-Year	\$32,330	\$33,480	3.6%

Source: The College Board, Annual Survey of Colleges. Trends in College Pricing 2016. Page 9. Accessed March 22, 2017 at: <https://trends.collegeboard.org/college-pricing>.

³ College Board, Trends in College Pricing 2016. Page 7. Accessed March 22, 2017 at: <https://trends.collegeboard.org/college-pricing>.

⁴ Ibid

⁵ College Board, Trends in College Pricing 2016. Page 14. Accessed March 22, 2017 at: <https://trends.collegeboard.org/college-pricing>.

529 Plans Offer

- Tax deferred investment growth and withdrawals that are free from federal taxes when used for qualified higher education expenses⁶
- Professional investment management
- Gift and estate tax planning
 - Contribute up to \$14,000 per beneficiary each year (\$28,000 for married couples filing jointly) without incurring federal gift-tax consequences. Clients can choose to contribute up to \$70,000 per child in a single year (\$140,000 for married couples) and take advantage of five years worth of gifts eligible for the annual exclusion from federal gift tax at one time.⁷ (Contributions are considered completed gifts and are removed from the investors estate, but as the account owner, the investor retains control.)
- Account owner control and flexibility over how assets are used
 - Account owners decide when withdrawals are taken and for what qualified educational purpose, may change their beneficiary to an eligible member of the beneficiary's family and receive detailed quarterly statements
- Flexibility to use distributions at eligible post-secondary schools across the country, including two and four-year colleges, many trade/technical institutes and graduate schools. In addition to tuition, 529 distributions also may be used for a variety of qualified college expenses, including certain room and board expenses, mandatory fees, books and supplies.

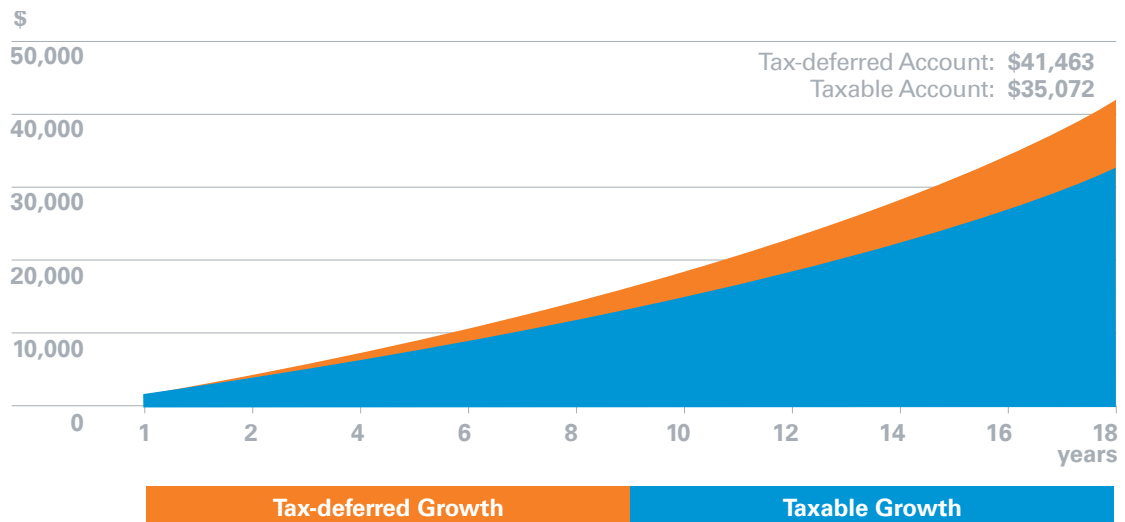
⁶ Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10 percent federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

⁷ In the event the donor does not survive the five year period, a pro rated amount will revert to the donor's taxable estate. Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10 percent federal penalty tax, as well as state and local income.

One of the most important benefits of a 529 account is the tax advantages they typically offer to investors. The chart below illustrates the savings growth that is possible in a tax deferred account versus the savings growth in a taxable account.

Tax Advantages Can Make Your Clients' Dollars Work Harder

Here is a hypothetical example of the difference between a tax-deferred account versus a taxable account.



Source: As of June 30, 2016. SSGA Upromise 529 Plan Website: Individual Investor. "Features & Benefits: Tax Benefits."

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 percent and no funds withdrawn during the time period specified; taxpayer is in a hypothetical 30 percent income tax bracket for all options at the time of contributions and distribution. The hypothetical returns above are for illustrative purposes only. It does not reflect an actual investment in any particular 529 plan or any taxes or penalties payable/due upon distribution.

SSGA Upromise 529 Plan: Affordable and Flexible for Clients

- No enrollment fee
- Open an account for as little as \$15* per month with an Automatic Investment Plan or make an initial contribution of \$15*
- Set up a payroll deduction plan for \$15* or more per paycheck
- Continue to make contributions until the account balance reaches the maximum account balance limit of \$370,000
- Contribute up to \$70,000 per child in a single year (\$140,000 for electing married couples) and take advantage of five years worth of gifts eligible for the annual exclusion from federal gift tax at one time.
- Contributions are considered completed gifts and are removed from the owners estate, but the account owner retains control.⁸

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

⁸ In the event the donor does not survive the five year period, a pro rated amount will revert to the donor's taxable estate. Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10 percent federal penalty tax, as well as state and local income.

Investment Offerings

Because your clients' investment needs vary, State Street Global Advisors and Ascensus College Savings have created a number of portfolios designed to help meet the needs of your diverse client base, with options offering varying degrees of risk, style and maturity. Each portfolio is powered by SPDR ETFs and features broad diversification, tactical asset allocation and utilization of passive exchange traded funds.

We are pleased to offer four types of investment options, the first three are managed by State Street Global Advisors and the fourth is managed by Sallie Mae Bank:

- College Date Portfolios
- Risk-Based Portfolios
- Static Portfolios
- Savings Portfolio

Sponsored by Two Leaders in College Savings and Investing

Ascensus College Savings

Ascensus College Savings is a provider and administrator of 529 plans, focused on helping all American families invest for college. As a provider of 529 plan services, the company administers individual accounts for college savers and provides customized recordkeeping and administration platforms. Ascensus Broker Dealer Services, Inc. is a registered broker-dealer, a member of FINRA, and is registered with the MSRB.

State Street Global Advisors

State Street Global Advisors, the investment manager for the SSGA Upromise 529 Plan, has been committed to helping our clients, and the millions who rely on them, achieve financial security for nearly four decades. We partner with many of the world's largest, most sophisticated investors and financial intermediaries to help them reach their goals through a rigorous, research-driven investment process spanning both indexing and active disciplines. With trillions* in assets under management, our scale and global reach offer clients access to markets, geographies and asset classes, and allow us to deliver thoughtful insights and innovative solutions.

State Street Global Advisors is the investment management arm of State Street Corporation.

*Assets under management were \$2.47 trillion as of December 31, 2016. AUM reflects approximately \$30.62 billion (as of December 31, 2016) with respect to which State Street Global Advisors Funds Distributors, LLC serves as marketing agent; State Street Global Advisors Funds Distributors, LLC and State Street Global Advisors are affiliated.

Investment Options That Can React to Volatile Market Conditions

The College Date and Risk-Based Portfolios provide State Street Global Advisors with the ability to make changes to each portfolio's asset allocation, within an allowable range, in response to changing market conditions. This dynamic investment approach provides an opportunity for the portfolio manager to add risk-adjusted returns by shifting the proportions of the asset classes within the portfolio. The proportion of the portfolio invested in each asset class will change to reflect the manager's favorable or unfavorable views on each asset class. This approach may be helpful when certain markets are viewed as being overvalued or undervalued and can be implemented as a defensive move against downside risk when global asset correlations and volatility spike in the market place or when an asset class is perceived to be in a bubble state.⁹

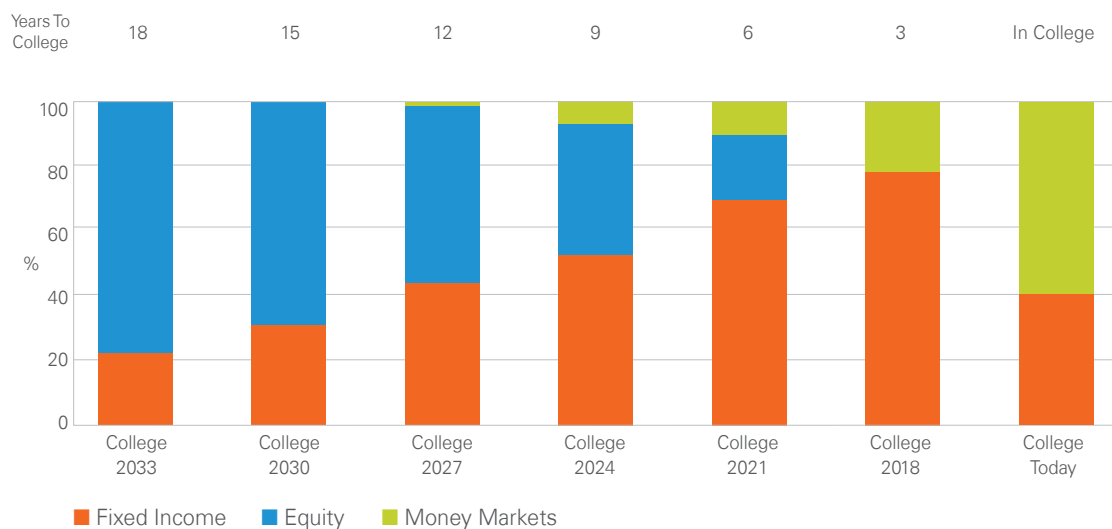
Powered by SPDR ETFs

The underlying funds for the investment options offered in the SSGA Upromise 529 Plan are ETFs and, where applicable, mutual funds managed by SSGA Funds Management, Inc. ETFs are a low-cost type of fund that allow for more efficient investment of account owners' portfolios.¹⁰

College Date Portfolios

College date portfolios are designed to make investing as easy as selecting the year in which the beneficiary is expected to start college. With a college date investment option, the portfolio's investment track is automatically adjusted from more aggressive to more conservative as the child gets closer to the selected college start year.

College Date Portfolios Asset Allocation



Source: State Street Global Advisors, Investment Solutions Group. As of December 31, 2016.

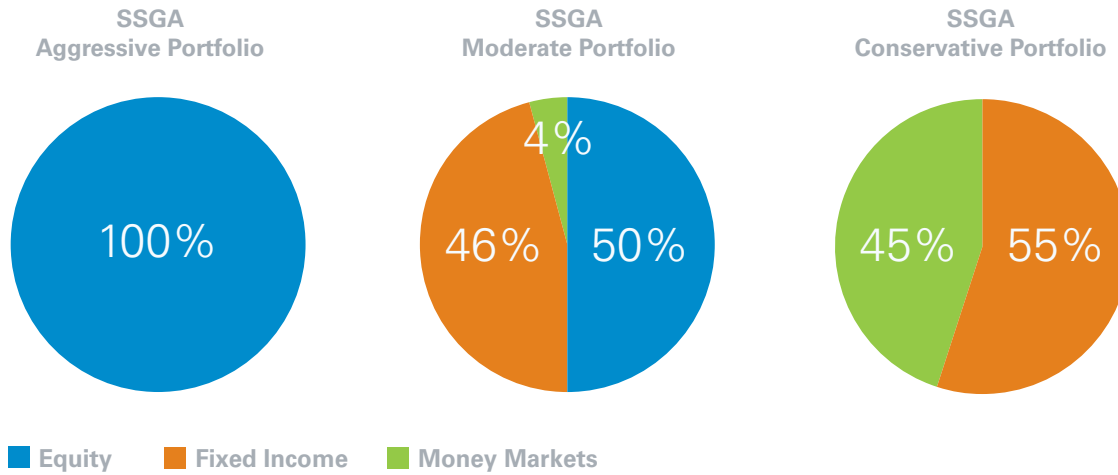
Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss. Allocations are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

⁹ A bubble state occurs when prices of securities rise so sharply and at such a sustained rate that they exceed the fundamental valuations, making a sudden price collapse, or bubble burst, likely. (Source: SSGA)

¹⁰ Although they invest in ETFs and/or mutual funds, the SSGA Upromise 529 Plan Portfolios are not ETFs or mutual funds themselves. As an SSGA Upromise 529 account owner, you will own units of the portfolio, which are municipal fund securities, not shares of the ETFs or mutual funds. Frequent trading of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs.

Risk-Based Portfolios

If your client prefers to invest in strategies designed specifically to match their risk profile, risk-based portfolios may be a good fit. You can select an aggressive, moderate, or conservative track, depending on the client's risk tolerance and time horizon.



As of December 31, 2016.

Source: State Street Global Advisors, Investment Solutions Group.

Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. Diversification does not ensure a profit or guarantee against loss. The information contained above is for illustrative purposes only.

Static Portfolios

Static portfolios allow a client to choose from fifteen investment options to create their own personalized investment mix. Each static portfolio is invested in a single underlying ETF, giving you options across investment styles or asset classes, from equity to fixed income. Investments are made according to the specific preferences of the investor, taking advantage of the diversity of options and precision that SPDR ETFs have to offer.

SPDR S&P 500® ETF Trust Portfolio	SPDR Bloomberg Barclays Aggregate Bond ETF Portfolio
SPDR S&P MidCap 400® ETF Trust Portfolio	SPDR Bloomberg Barclays TIPS ETF Portfolio
SPDR S&P 600 Small Cap ETF Portfolio	SPDR Citi International Government Inflation-Protected Bond ETF
SPDR Dow Jones REIT ETF Portfolio	SPDR Bloomberg Barclays High Yield Bond ETF Portfolio
SPDR Dow Jones International Real Estate ETF Portfolio	SPDR Bloomberg Barclays Short Term Corporate Bond ETF Portfolio
SPDR S&P® World Ex-US ETF Portfolio	SPDR Bloomberg Barclays 1-3 Month T-Bill ETF Portfolio
SPDR S&P International Small Cap ETF Portfolio	
SPDR S&P Emerging Markets ETF Portfolio	
SPDR S&P Emerging Markets Small Cap ETF Portfolio	

Savings Portfolio

The Savings Portfolio is a lower-risk, Federal Deposit Insurance Corporation (FDIC)-insured option for account owners seeking a conservative investment choice for their college savings. It is managed by Sallie Mae Bank. The Savings Portfolio invests 100 percent of its assets in the Sallie Mae High-Yield Savings Account (HYSA).¹¹

Definitions

Qualified Educational Expenses include amounts paid for tuition, fees and other related expense for an eligible student that are required for enrollment or attendance at an eligible educational institution.

Source: <https://www.irs.gov/Individuals/Qualified-Ed-Expenses>

Asset allocation is the implementation of an investment strategy that seeks to balance risk versus reward by adjusting the percentage of each asset class in an investment portfolio according to the investor's risk tolerance, financial goals and investment horizon. Downside risk is the financial risk that an investment's actual return will be below the expected return, or the uncertainty about the magnitude of that difference.

Correlation is the historical tendency of two investments to move together. Investors often combine investments with low correlations to diversify portfolios.

Volatility is the tendency of a market index or security to jump around in price. In modern portfolio theory, securities with higher volatility are generally seen as riskier due to higher potential losses.

¹¹ The HYSA is held in an omnibus savings account insured by the FDIC, which is held in trust by the Board of Trustees of the College Savings Plans of Nevada at Sallie Mae Bank. Contributions to and earnings on the investments in the Savings Portfolio are insured by the FDIC on a pass-through basis to each account owner up to \$250,000, the maximum amount set by federal law. The amount of FDIC insurance provided to an account owner is based on the total of (a) the value of an account owner's investment in the Savings Portfolio; and (b) the value of all other accounts held by the account owner at Sallie Mae Bank, as determined by Sallie Mae Bank and FDIC regulations.

Save for College Today with the SSGA Upromise 529 Plan

As the cost of funding a higher education continues to rise, the need for disciplined saving, both early and often, can be paramount. The SSGA Upromise 529 Plan can help to provide your clients with the long-term educational savings they will need to help their children with paying for their college education.

For more information on the SSGA Upromise 529 Plan, please call 866.967.2776 or for online enrollment visit ssga.upromise529.com/advisor.

SSGA UPROMISE 529 PLAN

P.O. Box 55578
Boston, MA 02205-5578

1-800-587-7305
ssga.upromise529.com/advisor

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IMPORTANT RISK INFORMATION

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon.

The statements and opinions expressed are subject to change at any time, based on market and other conditions. State Street cannot guarantee the accuracy of completeness of any third party statements or data.

Investing involves risk including the risk of loss of principal. 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, you could lose all or a portion of your money by investing in the Plan, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

ETFs trade like stocks, fluctuate in market value and may trade at prices above or below the ETFs' net asset value. Brokerage commissions and ETF expenses will reduce returns.

Diversification does not ensure a profit or guarantee against loss.

Equity securities are volatile and can decline significantly in response to broad market and economic conditions.

Bonds generally present less short-term risk and volatility than stocks, but certain interest rate risks (as interest rates rise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

The SSGA Upromise 529 Plan (the "Plan") is administered by the Board of Trustees of the College Savings Plans of Nevada (the "Board"), chaired by Nevada State Treasurer. Ascensus Broker Dealer Services, Inc. (ABD) serves as the Program Manager. ABD has overall responsibility for the day-to-day operations, including distribution of the Plan and provision of certain marketing services. State Street Global Advisors (SSGA) serves as Investment Manager for the Plan except for the Savings Portfolio, which is managed by Sallie Mae Bank, and also provides or arranges for certain marketing services for the Plan. The Plan's Portfolios invest in either (i) Exchange Traded Funds and mutual

funds offered or managed by SSGA or its affiliates; or (ii) a Federal Deposit Insurance Corporation (FDIC)-insured omnibus savings account held in trust by the Board at Sallie Mae Bank. Except for the Savings Portfolio, investments in the 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 Portfolios you choose. Except to the extent of FDIC insurance available for the Savings Portfolio, you could lose all or a portion of your money by investing in the Plan, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

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For more information about the SSGA Upromise 529 Plan ("the Plan") download the Plan Description and Participation Agreement or request one by calling 1-800-587-7305. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Description; read and consider it carefully before investing. Ascensus Broker Dealer Services, Inc. ("ABD") is distributor of the Plan.

Before investing in the Plan, you should consider whether your client or the client's beneficiary's home state offers a 529 plan that provides its taxpayers with favorable state tax and other benefits that are only available through investment in the home state's 529 plan.