



529 Educational Savings Plans Offer Benefits for Your Estate as Well as the Educational Needs of Your Loved Ones.

Did you know? High student debts can keep many millennials from saving for retirement early in their careers. Your 529 contributions can provide a lifetime of help.¹

Transfer Considerable Assets

- Contribute up to \$15,000 a year (\$30,000 if you're married) per beneficiary without gift-tax consequences.
- Combine up to five years of contributions into one lump sum of up to \$75,000 in one calendar year (\$150,000 if you're married) per beneficiary without gift-tax consequences.²
- Contribute up to \$500,000 per account.
- Lack of income restrictions: Anyone can open a 529 account regardless of how much money they make.

Open Multiple Accounts

- Anyone can be your beneficiary – not just family members.
- Open accounts for as many beneficiaries as you like.

Pay Tuition, not Taxes

- Withdrawals for qualified expenses are tax-free.³
- Earnings in the account grow tax-free.

Retain Financial Control

- As the account owner, you control the assets as well as the amount and timing of withdrawals.
- Transfer unused assets between 529 accounts without a penalty when the beneficiaries are in the same family.

¹ LIMRA Secure Retirement Institute, November 2015.

² If you use the special gift-tax election to give the maximum five-year amount and give other gifts to the same individual during the next four calendar years, you may face gift-tax consequences. In addition, if the contributor dies within five years of making the election, the portion of that contribution allocable to the remaining years is included in the contributor's estate for estate-tax purposes.

³ Account owners can take back contributions, but if the money isn't used for qualified education expenses then it becomes part of your estate again and any earnings are subject to a 10% federal tax penalty in addition to federal and, if applicable, state taxes. Tax issues can be complicated, so talk to your tax advisor. Also, aggregate distributions for elementary or secondary education from all 529 plans in a taxable year cannot exceed \$10,000 in expenses incurred during the taxable year.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Putting 529s to Work for Your Estate

529 plans are an attractive option for tax-sensitive investors with ambitious savings goals, estate-planning objectives and a desire to allocate money specifically for education.

How It Works

1. A married couple wants to help fund the education of their seven grandchildren.
2. Using a special gift-tax contribution that allows them to make up to five years of contributions in one gift, they **transfer \$150,000 into each grandchild's 529 account**, incurring no gift taxes.



Grandchild #1

\$150,000
donated



Grandchild #2

\$150,000
donated



Grandchild #3

\$150,000
donated



Grandchild #4

\$150,000
donated



Grandchild #5

\$150,000
donated



Grandchild #6

\$150,000
donated



Grandchild #7

\$150,000
donated

\$1,050,000

transferred out of grandparents' estate

3. For gift-tax purposes, the assets are considered completed gifts, but the grandparents – provided they own the accounts – control the assets and the withdrawals.

Three Different Investment Approaches

CollegeAmerica features flexible and easy-to-use investment options, including target date funds.

American Funds College Target Date Series®

The funds in the series offer simplified diversification, automatic asset reallocation and time-tested American Funds investments. Choose the fund with the target date closest to your beneficiary's projected enrollment date. Over time, each fund's objective will change, with preservation becoming increasingly important as enrollment approaches.

American Funds Portfolio SeriesSM

These funds of funds are designed to help investors pursue real-life goals, both long- and short-term, within a framework of three common objectives: preservation, balance and growth.

Individual American Funds

From short-term bonds to global growth stocks, CollegeAmerica offers individual American Funds for those seeking to create custom, diversified portfolios.

For more information about CollegeAmerica investment options, visit www.americanfunds.com/collegeamerica

Depending on your state of residence, there may be an in-state plan that provides state tax and other state benefits, such as financial aid, scholarship funds and protection from creditors, not available through CollegeAmerica.

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses, summary prospectuses and CollegeAmerica Program Description, which can be obtained from a financial professional and should be read carefully before investing. CollegeAmerica is distributed by American Funds Distributors®, Inc. and sold through unaffiliated intermediaries.

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