



# 10 things everyone should know about 529 savings plans

Here are 10 reasons why many parents and grandparents have selected 529 savings plans to help invest for their loved ones' future education.

## 1 | Pay for more than just tuition

Savings can be used for more than just tuition, think books, supplies and even dorm rooms. Savings can also be used for certain certified apprenticeship expenses and K-12 tuition expenses.<sup>1</sup>

## 2 | Ability to change beneficiaries

Need to switch who's getting the money? No problem, you can change the beneficiary to another family member (including siblings, grandchildren, nieces, nephews, cousins and more).

## 3 | Control of assets

The person who opens the account—not the beneficiary—maintains control of the assets, including how and when they will be used.

## 4 | Contribution flexibility

Many 529 plans allow account owners to contribute as little as \$25 to an account. Most plans allow account owners to contribute \$235,000 (or more) per beneficiary over the lifetime of the account.<sup>2</sup>

## 5 | Wide range of schools

Your 529 plan isn't just for traditional four-year colleges. Whether your child dreams of becoming a physical therapist, a journalist or an engineer, these savings can be used at a variety of educational institutions including two-year colleges, trade schools and technical programs across the country.<sup>1</sup>

## 6 | No income restrictions

Anyone can open a plan regardless of their income.

## 7 | Multiple investment options

Most 529 plans offer a wide range of investment choices allowing you to invest your assets in the portfolio that best suits your investing goals.

## 8 | Convenience

Many 529 plans offer features that make them a convenient way to save for college, including monthly recurring contributions<sup>3</sup> and portfolios that automatically rebalance as the beneficiary gets closer to college.

## 9 | Earnings grow tax-free

Contributions into a 529 plan grow tax-free, and withdrawals for qualified educational expenses are also tax-free. This could add up to more savings for families like yours.<sup>1</sup>

## 10 | Easy gifting

Grandparents, aunts, uncles and family friends can easily contribute to your child's Franklin Templeton 529 plan, making it the perfect gift for birthdays, holidays or celebrating achievements. Five years' worth of gifts (up to \$95,000 for an individual or \$189,000 if a married couple) can be made at once to a 529 plan without owing federal gift tax, as long as no other gifts are made to the same beneficiary over the following five years.

**Learn more.** Talk to your financial professional or call Franklin Templeton at (800) DIAL BEN/342-5236 or visit [franklintempleton.com](https://franklintempleton.com) to learn why Franklin Templeton 529 College Savings Plan may be a solution to help you pursue your education savings goals.

1. The Federal Tax Cuts and Jobs Act (TCJA), which was signed into law in December 2017 and became effective January 1, 2018, expanded the definition of a qualified higher education expense to include up to \$10,000 (federal tax-free withdrawals) per year in tuition expenses at private, public and religious elementary and secondary schools (K-12). The state tax consequences of using 529 plans for elementary or secondary education tuition expenses will vary depending on state law and may include recapture of tax deductions received from the original state and may also include taxes and penalties. Some states do not offer state tax deductions or tax credits for K-12 tuition, and other restrictions may apply.

2. Source: [www.savingforcollege.com](https://www.savingforcollege.com), January 2024.

3. Periodic investment plans do not ensure a profit and do not protect against investment loss in declining markets. Since dollar-cost averaging involves continuous investment in securities regardless of fluctuating price levels of such securities, an investor should consider his/her financial ability to continue purchasing through periods of low-price levels.

*Tax benefits are conditioned on meeting certain requirements. Federal income tax, a 10% federal tax penalty, and state income tax and penalties may apply to nonqualified withdrawals of earnings. Generation-skipping tax may apply to substantial transfers to a beneficiary at least two generations below the contributor. Gift examples are general; individual financial circumstances and state laws vary—consult a tax professional before investing. If the contributor dies within the five-year period, a prorated portion of contributions may be included in his/her taxable estate. See the [Program Description](#) for more complete information.*

## What to know about the Franklin Templeton 529 College Savings Plan<sup>4</sup>

**Professional investment management.** At Franklin Templeton, we're dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we're able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world's largest asset managers.<sup>4</sup>

### Three allocation strategies to choose from:<sup>5</sup>

- **Target enrollment asset allocations:** Select a portfolio closest to the year you anticipate your child will use the funds. The asset allocation adjusts to become more conservative as the enrollment year approaches, which may help minimize risk as you get closer to using your savings to pay for qualified education expenses.
- **Objective-based asset allocations:** Invest your assets based on your risk tolerance level.
- **Individual portfolios:** Work with your financial professional to assemble your own allocation.

**Low contribution requirement.** Get started for as little as \$25.

### Special benefits for New Jersey residents

The state of New Jersey, in part through the New Jersey College Affordability Act, provides exciting benefits for Franklin Templeton 529 College Savings Plan account holders.

- **New Jersey state tax deduction.** For families with a gross income of \$200,000 or less, Franklin Templeton 529 offers a state income tax deduction on contributions up to \$10,000 per year. This benefit can help reduce your taxable income while you save for your child's future educational needs.<sup>6</sup>
- **Matching grant program.** One-time grant of up to \$750 matched dollar-for-dollar of the initial deposit into new accounts for new beneficiaries.<sup>7</sup>
- **Scholarship opportunity.** Students attending New Jersey colleges or universities can receive a tax-free college scholarship worth up to \$6,000, depending on how long the plan has been open.<sup>8</sup>



Ugift is a convenient, free-to-use service that lets friends and family contribute to a student's Franklin Templeton 529 Plan Account. Learn more at [Ugift529.com](https://Ugift529.com).

4. The plan is managed by Franklin Mutual Advisers, LLC, an affiliate of Franklin Distributors, LLC. Plan portfolios generally invest in funds managed by affiliates of Franklin Mutual Advisers, LLC. An investment in Franklin Templeton 529 College Savings Plan is an investment in a municipal security that may invest in one or more underlying mutual funds, ETF or separate accounts. It is not an investment in shares of the underlying mutual fund(s) or ETF, which could include Brandywine Global Investment Management, LLC, ClearBridge Investments, LLC, Martin Currie Inc., Putnam Investments, Clarion Partners, K2 Advisors, Royce Investment Partners and Templeton subsidiaries of Franklin Templeton, Inc.

5. An investment in Franklin Templeton 529 College Savings Plan is an investment in a municipal security that may invest in one or more underlying mutual funds, ETFs or separate account. It is not an investment in shares of the underlying mutual fund(s) or ETF(s).

6. The New Jersey College Affordability Act allows for a state tax deduction for contributions into a Franklin Templeton 529 College Savings Plan of up to \$10,000 per year, for those with gross income of \$200,000 or less. The maximum deduction is \$10,000. Because each investor's circumstances are different, please consult your tax professional for more information about considerations that may be relevant to your particular situation.

7. Taxpayers with household adjusted gross income between \$0 and \$75,000 may be eligible for a one-time grant of up to \$750 matched dollar-for-dollar of the initial deposit into a Franklin Templeton 529 College Savings Plan account for accounts open on or after June 29, 2021. Visit [HESAA.org](https://HESAA.org) for terms and conditions and how to apply. This program is subject to available funding.

8. Investing in a Franklin Templeton 529 College Savings Plan does not guarantee admission to any particular elementary or secondary school or to college, or sufficient funds for elementary or secondary school or for college. The scholarship is only available for college and is awarded any fall or spring semester of college. The scholarship may be awarded only once to an eligible beneficiary. The scholarship is provided by the New Jersey Higher Education Student Assistance Authority.

**Investors should carefully consider the 529 plan's investment goals, risks, charges and expenses before investing. To obtain the Program Description, which contains this and other information, talk to your financial professional or call Franklin Distributors, LLC, the manager and underwriter for the 529 plan at (800) DIAL BEN/342-5236 or visit [franklintempleton.com](https://franklintempleton.com). You should read the Program Description carefully before investing and 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 its qualified tuition program.**

*Franklin Templeton's 529 College Savings Plan is offered and administered by the New Jersey Higher Education Student Assistance Authority (HESAA); managed and distributed by Franklin Distributors, LLC, an affiliate of Franklin Resources, Inc., which operates as Franklin Templeton.*

*Investments in Franklin Templeton's 529 College Savings Plan are not insured by the FDIC or any other government agency and are not deposits or other obligations of any depository institution. Investments are not guaranteed by the State of New Jersey, Franklin Templeton, or its affiliates and are subject to risks, including loss of principal amount invested. Investing in the plan does not guarantee admission to any particular primary, secondary school or college, or sufficient funds for primary, secondary school or college.*

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