



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 any qualified tuition expenses. Additionally, savings can be used at accredited colleges and certain vocational schools for qualified expenses which can include mandatory fees, supplies, books or other required equipment, and room and board, if the beneficiary is enrolled at least half-time. Savings can also be used for certain certified apprenticeship expenses.¹

2 | Ability to change beneficiaries

The beneficiary can be changed to a member of the immediate or extended family (including siblings, grandchildren, nieces, nephews, cousins and more).

3 | Control of assets

The account owner—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.²

5 | Wide range of schools

529 savings can be used at most accredited two- and four-year colleges and universities and vocational schools, including many outside the US, as well as certified apprenticeships. Up to \$10,000 per year per beneficiary can be used for tuition for eligible public, private and religious primary and secondary

educational institutions (K-12). What expenses will be regarded as “tuition” in the case of public schools may vary by state.¹

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 college investing goals.

8 | Convenience

Many 529 plans offer features that make them a convenient way to save for college, including monthly automatic investment plans³ and portfolios that automatically rebalance as the beneficiary gets closer to college.

9 | Earnings grow tax free

Earnings grow federal income tax-free and earnings are free from federal income tax when withdrawn for qualified higher education expenses, used up to \$10,000 per year for tuition for eligible primary and secondary schools, or up to \$10,000 may be paid toward principal or interest of a student loan for the beneficiary or a sibling.¹

10 | Estate planning

Five years' worth of gifts (up to \$90,000 for an individual or \$180,000 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 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, 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.

Not FDIC Insured | May Lose Value | No Bank Guarantee

(turn over, please)

What to know about the Franklin Templeton 529 College Savings Plan⁴

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. This has helped us to become a trusted partner to individual and institutional investors across the globe.⁴

Three allocation strategies to choose from:⁵

- **Age-based asset allocations:**⁶ Choose an age-based asset allocation track suitable for you—conservative, moderate or growth. Investments will be placed in a portfolio within the asset allocation track chosen based on the beneficiary's age. As your beneficiary ages, investments periodically move to a different portfolio that invests less in equity based funds and more in income seeking funds.
 - **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 with automatic investment plan.³
 - **High contribution limit.** The maximum aggregate plan balance per beneficiary is \$305,000.

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 contributions into a Franklin Templeton 529 College Savings Plan of up to \$10,000 per year.⁷
- **Matching grant program.** One-time grant of up to \$750 matched dollar-for-dollar of the initial deposit into new accounts for new beneficiaries.⁸
- **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.⁹

SPRYNG™

An exclusive crowdfunding tool for education savings. Spryng allows you to create a personalized profile and share it with friends and family. Learn more at franklinspryng.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. It is not an investment in shares of the underlying mutual fund(s), which could include Brandywine Global Investment Management, LLC, ClearBridge Investments, LLC, Martin Currie Inc., and Western Asset Management Company, LLC, 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. It is not an investment in shares of the underlying mutual fund(s).

6. The Age-Based Asset Allocations have been designed for savings intended for qualified higher education (i.e., college) expenses, not for elementary or secondary education tuition expenses.

7. 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, beginning with contributions made in tax year 2022. 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.

8. 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 for terms and conditions and how to apply. This program is subject to available funding.

9. 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 NJBEST 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. 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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