

Ohio's

529

COLLEGE ADVANTAGE

ENROLLMENT KIT

529



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CONTACT US

For more information about Ohio's 529 Plans:
CollegeAdvantage.com
1-800-AFFORD-IT (233-6734)
Monday – Friday, 8:30 a.m. to 6 p.m. ET

Send all CollegeAdvantage Direct Plan forms and account correspondence to:
CollegeAdvantage Direct 529 Savings Plan
P.O. Box 219305
Kansas City, MO 64121-9305



This is one of those PARENT THINGS

Being a parent means you get to figure out really hard stuff with absolutely no instruction manual.

Things like college.

Maybe it's a speck on the horizon. Or maybe it's surprisingly close.

Maybe you'll want your kids to chip in some. Or maybe you'll want to cover all of it.

Maybe you're thinking four years. Or maybe a two-year program.

Maybe grants or scholarships will happen. Then again, maybe not.

So when you think about building a fund for their higher education, you need one that's right no matter how life unfolds.

You need Ohio's 529 College Savings Plan, CollegeAdvantage.

The core of any serious college savings strategy, a 529 plan is designed to work with future scholarships and financial aid.

With major tax advantages, you have the power to set a goal and reach it.

You choose the investment options and have total control over who uses it and how much they spend.

When it's time for college, pick from thousands of schools nationwide.

And if things change, don't worry. You have options.

College is doable, especially with a plan.

Higher education isn't just a great idea, it's A SMART FINANCIAL MOVE

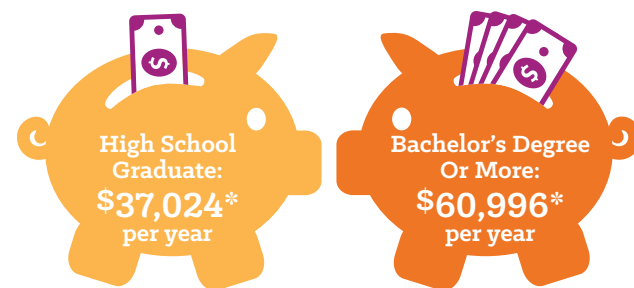
It's clear that a college degree pays off.

Whether a child goes to college or not is obviously a personal decision. But, research suggests that going on to earn a degree in higher education is a smart financial move. A 2016 study from The Pew Research Center found that four-year college graduates overwhelmingly believe that their higher education helped them to progress both personally and professionally.

It's far cheaper to save now than pay off loans later.

It's simple. Saving now in a 529 plan puts tax-free, compounded earnings on your side. Borrowing later means your child pays interest on the already high cost of college. Student loan debt doesn't just cost more, it can be a burden that lasts for decades. Depending on how much you want to save over time or borrow later, the cost difference can be significant.

College Grads Earn More



Which Is Better?

Save \$50,000	Borrow \$50,000
Available Toward College Costs \$150,000**	Available Toward College Costs \$50,000
Repay \$0	Repay \$80,000***

* Median annual earnings among full-time wage and salary workers age 25 and older in 2017 dollars. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

** Assumes 17 years to save, average current annual costs of \$22,020 for an in-state, public 4-year institution, full-time student, 5% tuition inflation, and a 6% hypothetical investment return on your 529 plan. Data is approximate and rounded. This savings example would provide almost 69% of the future costs of college. Hypothetical earnings. Your actual earnings will depend on the investments selected and actual performance. Earnings are not guaranteed. Estimated using the College Savings Planner tool at CollegeAdvantage.com.

*** Assumes \$50,000 borrowed to fund a portion of the total cost of college expenses, 6.8% interest rate (current unsubsidized federal Stafford loan rate), 4 years in college, and a 15-year repayment period. Data is approximate and rounded. Estimated using the "Loan Calculator" at Finaid.org.

Let's start at the beginning – WHAT IS A 529?

529 Plans Encourage College Savings

Most people are familiar with tax-advantaged retirement plans like IRAs and 401(k)s. These plans encourage people to save for the future. Well, 529 plans are similar, but with a focus on saving for college.

Named after Section 529 of the Internal Revenue Code, these college savings plans offer a way for families to build a college fund using the power of tax advantages.

Contributions to a 529 plan grow tax-free. And when you use it for qualified higher education expenses, the withdrawals aren't taxed either.

Key Facts About Ohio's 529 Plans

Established in 1989, the Ohio Tuition Trust Authority manages Ohio's 529 College Savings Program, CollegeAdvantage. Ohio offers a choice of two variable savings 529 plans with mutual fund-based investments: the CollegeAdvantage Direct Plan and the BlackRock CollegeAdvantage Advisor Plan.

You don't have to live in Ohio to use Ohio's 529 Plan, CollegeAdvantage, which makes it ideal for grandparents, too. With Ohio's 529 Plan, you can go to a federally accredited school in Ohio or anywhere in the U.S.

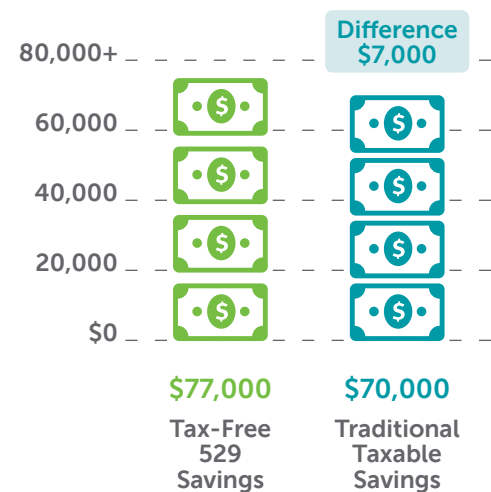
Investments are provided by leading, well-known financial firms and are overseen by an 11-member fiduciary board.

Three tax advantages to help GROW YOUR HIGHER EDUCATION FUND

All 529 plans offer tax-free growth and tax-free qualified withdrawals. Ohioans get even more – a deduction from state taxable income for contributions to Ohio’s 529 Plan, CollegeAdvantage.

1 The compounding power of tax-free growth.

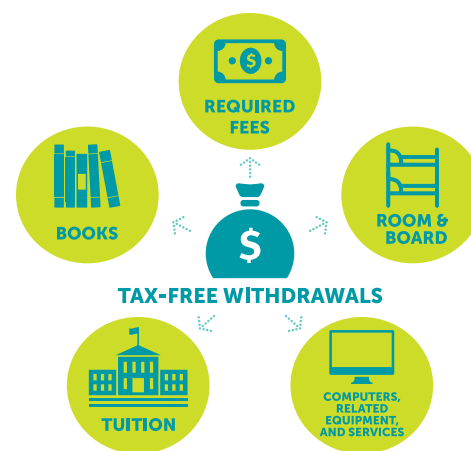
When your kids are born, college seems so far away. So it’s easy to put it on the back burner. But here’s the thing: Time is a saver’s best friend because it puts the power of compounding on your side. You can save small amounts over time to reach your goal. And in a 529 plan, your earnings grow tax-free, unlike a traditional bank savings account or mutual fund where taxes claim a chunk of your growth every year.



Assumptions: approximately \$2,500 per year for 18 years, 6% annual earnings, 12% federal tax rate, and 6% state tax rate. Data is approximate and rounded.

2 Tax-free withdrawals when used for college.

Not only does your 529 plan grow tax-free, it also stays tax-free when you withdraw the money for qualified higher education expenses.* What are those? All the big items like tuition; room and board; computers, related equipment, and services; required fees; books; and more.



* Please read the Offering Statement for additional details about qualified higher education expenses.

3 Ohio tax deduction on contributions.

If you are an Ohio taxpayer, contributions to CollegeAdvantage may be deducted from your Ohio taxable income in any amount up to \$4,000 per year, per beneficiary, with unlimited carry forward.

This unlimited carry forward means that \$4,000 per year is not a contribution cap.** Should you choose to contribute more than \$4,000 in a calendar year, any amount above \$4,000 may be deducted in future years, in increments up to \$4,000 per year, until all contributions have been deducted.

If you have accounts for multiple students, you get the deduction for contributions to each beneficiary!

Up to \$4000
Ohio Tax Deduction
Per Beneficiary

** There are limits on total account value and IRS gift tax rules that may apply. Please read the Offering Statement.



Tax advantages for GIFT GIVERS

What if you’re a grandparent or making gift contributions to someone else’s child?

Non-account owners who are Ohio taxpayers and who make gift contributions directly to an Ohio 529 Plan account also qualify for this deduction.

As long as you’re an Ohio taxpayer, you don’t have to be the account owner to qualify for the Ohio tax deduction. Grandparents, family, and friends who make gift contributions directly to a CollegeAdvantage account are also eligible for the Ohio tax deduction.

It is easy to give and receive gift contributions using the CollegeAdvantage Direct Plan.

To learn more, go to CollegeAdvantage.com

Which Ohio's 529 Plan is **BEST FOR YOU?**

For more than 25 years, Ohio's 529 Plan, CollegeAdvantage, has been helping families make college doable. Over time, we've seen the need for two different types of plans. While both plans give you all the basic benefits of a 529 college savings plan, they're very different. Which should you use?

CollegeAdvantage Direct 529 Plan

The Direct Plan is simple for anyone to use. We make it easy to choose your investment strategy and manage your own account.

- No enrollment or annual account maintenance fees
- Open an account for as little as \$25 (\$500 for Fifth Third 529 CDs)
- Lower overall costs
- Diverse investment options, including FDIC-insured bank savings accounts and CDs from Fifth Third
- Investments from leading mutual fund managers — Vanguard and Dimensional
- Ready-made, professionally managed portfolios make it easy, and individual investment options allow for a more hands-on approach to investing
- Easily receive gift contributions from family and friends
- Set up recurring contributions linked to your bank account or through payroll deduction (if offered by your employer)

BlackRock CollegeAdvantage Advisor 529 Plan

CollegeAdvantage Advisor Plan accounts can only be opened through a professional financial advisor. Speak with your financial advisor, go to [BlackRock.com/CollegeAdvantage](https://www.blackrock.com/CollegeAdvantage), or call (866) 529-8582 for more information.

- Offered and managed by BlackRock, the world's largest investment firm
- Open an account for as little as \$25
- No annual account maintenance fee for Ohio account owners
- Investments powered by the world's leading asset managers — BlackRock, iShares, Wells Fargo, and Voya Financial
- CollegeAdvantage partner since 2009

If you think you might be interested in the CollegeAdvantage Advisor Plan by BlackRock, contact your financial advisor. This book primarily contains information about the CollegeAdvantage Direct Plan. Even if you work with a financial advisor, you may still decide to select the CollegeAdvantage Direct Plan and do it yourself.



Investment choices for **EVERY KIND OF SAVER**

Every family has different ideas about managing money. That's why the CollegeAdvantage Direct Plan offers options for savers of all experience levels and risk tolerances. If your goals or preferences change in the future, 529 rules allow you to exchange your investment options up to two times per year.

STEP 1 Understand Your Risk-Tolerance

Are you comfortable taking risks to seek higher returns? Is a balanced approach more your style? Or maybe you want the security of FDIC-insured bank products? The answers to these questions will help guide your investment selections, and you'll find a helpful risk-tolerance tool at CollegeAdvantage.com/tools

STEP 2 Choose A Ready-Made Portfolio Or Build Your Own

Ready-Made Portfolios: Age- or Risk-Based

These are complete portfolios designed around either the age of your child and when they're going to college or the level of risk and potential return you seek (from aggressive to conservative). The appeal is simplicity. The age-based portfolios automatically adjust to reduce investment risk as your child gets closer to college. The risk-based portfolios allow you to select an investment approach that matches your risk-tolerance preferences, but you will need to make your own adjustments to the investments in your portfolio as your child nears college.

Build Your Own Portfolio

For more experienced do-it-yourself investors, we offer individual investment options that let you create the diversification you want. Options include the following asset classes:

- International Equity Options (Stocks)
- U.S. Equity Options (Stocks)
- Balanced Option (Stocks and Bonds)
- Fixed-Income Options (Bonds)
- Capital Preservation Option (Cash)
- FDIC-insured bank savings and CDs (Cash)

For up-to-date investment performance information, please visit CollegeAdvantage.com



When should you **START YOUR 529 PLAN?**

Every day that you delay impacts the amount you need to save and/or the amount of loans that might come later. But no matter how far or close college might be, a CollegeAdvantage 529 Plan is the core of your college-funding strategy.



Celebrate A Newborn

This is when most college savings plans get started. With a longer time horizon, you can start small and gradually increase contributions as your income grows. It is also the perfect time for gift contributions from family and friends.



Starting Kindergarten

Daycare and preschool costs can rival a mortgage payment! But some of these costs go away at kindergarten, which makes this an ideal time to start or boost your college savings fund.



Middle & High School

You can still make a significant dent in college costs. The key is to consolidate other taxable savings to take advantage of the tax-free growth of a 529. And don't forget to let your extended family know about giving the gift of college savings.



During College

Already time for college? If your plan is to help with some of the college costs, it's still smart to start a 529 now. Throughout four years of college, you'll get tax-free growth and the annual Ohio tax deduction for contributions to your CollegeAdvantage account.

So how much should you save? Some, half, or most?

You probably have some ideas about how much of college costs you want to cover. Maybe you want to help out with some of tuition, living expenses, or just books. Maybe you want to cover about half. Or maybe you're thinking you want to help by paying most or all of the costs. Whatever your choice, Ohio's 529 Plan, CollegeAdvantage, makes it easy to create your plan, your way.

We have a calculator for that!

It's important to get a general idea of a dollar amount you plan to save. You can set your savings goal and then break that down into actual contributions over time. Our tools at CollegeAdvantage.com/tools can help.



There are many ways to **BUILD YOUR 529**



Slow & Steady With Automatic Contributions

To save it before you spend it, just set up recurring contributions from your bank account or use payroll deduction.



Birthdays, Holidays & Firsts

Grandparents, family, and friends want to celebrate milestones – big and small. Invite them to give the gift of college.



Tax Refunds & Other Windfalls

Any time you get lump sums of cash, add some or all of it to your college savings.



Consolidate Other Taxable Savings

Having a tax-advantaged 529 plan is the smartest way to make college doable.

QUESTIONS & ANSWERS

Q: If I save in Ohio, can my child attend college in another state?

A: Absolutely. Ohio has great higher education options, but you can use CollegeAdvantage funds at any post-secondary school in the country that is eligible to participate in U.S. Department of Education student financial aid programs. There are thousands of them, including four-year and two-year colleges, trade schools, graduate and certificate programs, and more.

Q: Can I gift a 529?

A: Yes! Gifting is incredibly easy. With a low \$25 minimum, it's appropriate for every occasion in a child's life.

Q: How much can I save?

A: Contributions can be made until the account value for all Ohio's 529 Plan, CollegeAdvantage, accounts for the beneficiary reaches \$462,000 (effective as of January 1, 2018 – this limit is generally updated annually). However, the assets in the account are free to grow without limit. Beginning January 1, 2018, IRS rules allow for gifting (inclusive of all gifts, not just 529 contributions) of up to \$15,000 per year, per recipient (\$30,000 for couples filing jointly) before gift taxes are incurred.

Q: Will a 529 hurt my child's chance of financial aid?

A: 529 plans were designed to work with future financial aid. As long as the account is owned by the parents, currently only 5.64% of your 529 funds are factored into the Estimated Family Contribution (EFC) calculations as determined by the Free Application for Federal Student Aid (FAFSA). If the account is owned by anyone other than a parent, the funds can have a much more significant effect on future financial aid. Please consult with a high school or college financial aid advisor about your specific situation to learn more.

Q: What if my child gets a grant or scholarship?

A: You have options. First, you can use your 529 funds to cover whatever costs aid doesn't cover. You can also make a non-qualified withdrawal equal to the scholarship. You will only owe taxes on the earnings portion of the withdrawal. Or, use any remaining available 529 funds for one of your other children (or your own adult education). You can also withdraw any remaining funds, although there is a federally mandated 10% penalty on the earnings, not the funds you deposited.

Q: What if my child doesn't go to college?

A: You have many options. You can transfer the funds to other children. You can keep the account in place for future use by your children or grandchildren, or you can use the funds for continuing education for yourself. Or, you can even withdraw the funds. There is a federally mandated 10% penalty and taxes will be owed, but only on the earnings portion of the withdrawal, not the funds you deposited.

Q: Who can open an account?

A: Parents, grandparents, other family members, and friends, who are U.S. residents and 18+ years of age. You don't have to be related to the beneficiary, but you will need the child's Social Security number. You don't have to be an Ohio resident, but only Ohio taxpayers can receive the deduction from Ohio taxable income.

Q: Who owns and manages the account?

A: The account owner manages the account and is typically a parent. If you want to add to an existing 529 plan that parents have set up, they'll control the funds. If you want to own and manage the account for a grandchild or other family member, you can do so.

Start Now With As Little As \$25

Complete and return the enclosed application or open an account online today at CollegeAdvantage.com



Ohio's 529
COLLEGEADVANTAGE

CollegeAdvantage is Ohio's 529 college savings plan offered and administered by the Ohio Tuition Trust Authority, an office within the Ohio Department of Higher Education. Before investing, please read the Offering Statement and all Supplements carefully and consider the risks, fees, investment objectives, time horizon, and other relevant factors. If you are not a taxpayer in the state of Ohio, you should consider whether your home state offers any state tax or other benefits for investing in its 529 plan. Other than the Fifth Third Investment Options in the Direct Plan (Banking Options), money contributed to an account is not a bank deposit and is not insured by the FDIC or guaranteed in any way. Except for contributions invested in Banking Options, participants assume all investment risk related to the CollegeAdvantage Direct Plan and Advisor Plan, including the potential loss of principal. Contributions invested in Banking Options are an obligation of Fifth Third Bank and are insured by the FDIC, subject to certain limitations.

Enrollment Kit (05-18-18)



CollegeAdvantage.com
1-800-AFFORD-IT (233-6734)
Monday – Friday, 8:30 a.m. to 6 p.m. ET

Ohio Tuition Trust Authority
35 E. Chestnut Street, 8th Floor
Columbus, Ohio 43215-2541

