

# THE TOP 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 future education expenses.

## 1] Pay for More than Just Tuition

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.<sup>1</sup>

## 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.<sup>2</sup>

## 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.<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(s) that best suit 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 plans<sup>3</sup> 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Earnings grow federal income tax-free, and earnings are free from federal income tax when withdrawn for qualified education expenses, or up to \$10,000 paid toward principal or interest of a student loan for the beneficiary or a sibling.<sup>1</sup>

## 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 five years.

*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 their taxable estate. See the Program Description for more complete information.*



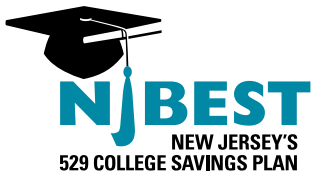
Get started today  
by visiting [NJBEST.com](https://www.njbest.com)  
or call (877) 4NJ-BEST/465-2378.

f @NJBEST529CollegeSavings

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.



# TURN A DREAM INTO A DEGREE® WITH NJBEST NEW JERSEY'S 529 COLLEGE SAVINGS PLAN

## • New Jersey state tax deduction

Contributions into an NJBEST 529 College Savings Plan of up to \$10,000 per year, for taxpayers with gross income of \$200,000 or less, are eligible for a New Jersey state tax deduction.<sup>4</sup>

## • Matching Grant Program

Up to \$750 into new accounts for new beneficiaries.<sup>5</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>6</sup>

## • Low Contribution Requirement

An NJBEST college savings plan can be opened with as little as \$25 with automatic investment plan.<sup>3,7</sup>

## • High contribution limit.

The maximum aggregate plan balance per beneficiary is \$305,000 for NJBEST accounts.

## • Won't Interfere with New Jersey Financial Aid

Plan assets of up to \$25,000 won't be included in determining a beneficiary's eligibility to receive financial aid awarded by the state of New Jersey.<sup>7</sup>

## • No Annual Maintenance Fee

The annual \$25 plan maintenance fee is waived.<sup>8</sup>

## • Creditor Protection

Under New Jersey law, plan assets are generally exempt from claims of creditors and excluded from an estate in bankruptcy. Please see footnoted exceptions.<sup>9</sup>

## • Flexible Investment Strategies

The plan offers multiple investment strategies to meet your individual investment needs.<sup>10</sup>

**SPRYNG™**  
Give a gift. Grow a dream.

Spryng is an exclusive crowdfunding tool that makes it easy for loved ones to make contributions towards your NJBEST 529.

### How Does It Work?

- 1. Create:** Create a Spryng profile by entering information about your beneficiary.
- 2. Publish:** After the profile is complete, publish the page.
- 3. Share:** Once published, you can share the profile with friends and family.

Visit [spryng529.com](https://spryng529.com) to learn more about how it works.



4. The New Jersey College Affordability Act allows for a state tax deduction for contributions into an NJBEST 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.

5. 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 an NJBEST 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.

6. 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.

7. Please read the *Program Description* for more information.

8. Each plan account is subject to an annual program management fee of 0.10% of assets and underlying fund expenses, currently between 0.03%–0.75%, which may vary. See the *Program Description* for more complete information.

9. Exceptions include: cases of fraudulent conveyance, claims under an order for child support and punitive damages awarded in a civil action arising from manslaughter or murder. Please note that, depending on the circumstances, the laws of states other than New Jersey may determine the rights of creditors in a bankruptcy involving plan assets.

10. 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.

**Investors should carefully consider plan investment goals, risks, charges and expenses before investing. To obtain the *Program Description*, which contains this and other information, call Franklin Distributors, LLC, the manager and underwriter for the plan, at (877) 4NJ-BEST. You should read the *Program Description* carefully before investing and consider whether you 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.**

*NJBEST New Jersey'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 NJBEST 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.*

*Franklin Templeton, its affiliates and its employees are not in the business of providing tax or legal advice to taxpayers. These materials and any tax-related statements are not intended or written to be used and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties or complying with any applicable tax laws or regulations. Tax-related statements, if any, may have been written in connection with the "promotion or marketing" of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax professional.*