10 THINGS EVERYONE SHOULD KNOW ABOUT

529 COLLEGE SAVINGS PLANS

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

1| PAY FOR MORE THAN JUST TUITION

Withdrawals can be used for any qualified higher education expense, including tuition, mandatory fees, supplies, books or other required equipment, and room and board, if the beneficiary is enrolled at least half-time.

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 $50 to an account. Most plans allow account owners to contribute $300,000 (or more) per beneficiary over the lifetime of the account.[1]

5| WIDE RANGE OF SCHOOLS

Accredited schools include any postsecondary college, university or vocational school that is eligible to participate in student aid programs administered by the U.S. Department of Education. This includes over 7,000 schools in the U.S. and many outside the U.S.[2]

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 plans and portfolios that automatically rebalance as the beneficiary gets closer to college.

9| EARNINGS GROW TAX FREE

Earnings are free from federal income tax when withdrawn for qualified higher education expenses. Many states provide additional 529 state tax benefits to residents, including state income tax-free earnings for qualified withdrawals and/or state income tax deductions for contributions.[1]

10| ESTATE PLANNING

Five years' worth of gifts (up to $70,000 for an individual or $140,000 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.

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 advisor 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 Investor Handbook *for more complete information.*

A few words about risk. *529 plan underlying funds have risks that will cause your investment return and principal value to fluctuate. Stocks tend to fluctuate dramatically over the short term. Bond prices generally move opposite to interest rates; as bond prices adjust to a rise in interest rates, a fund's share price may decline. High-yield, lower-rated bonds generally have greater price swings and higher default risks. Foreign investing, especially in developing markets, has additional risks such as currency and market volatility and political or social instability. These and other risks are discussed in each fund's prospectus.*

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A SMARTER WAY TO INVEST FOR COLLEGE®

When you open a Franklin Templeton 529 College Savings Plan, offered nationwide by the New Jersey Higher Education Student Assistance Authority,[3] you get more than a powerful investment tool. Here are some plan features that set it apart:

Professional investment management. At Franklin Templeton Investments, 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:** 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 advisor to assemble your own allocation.

Low contribution requirement. You can open a plan with just $250.

High contribution limit. The maximum aggregate plan balance per beneficiary is $305,000.

NOW WITH SPRYNG™

A crowdfunding tool for college savings. Spryng allows you to create a personalized profile and share it with friends and family. Learn more at **franklinspryng.com**.

LEARN MORE. Talk to your financial advisor or call Franklin Templeton Investments at (866) 362-1597 to learn why Franklin Templeton 529 College Savings Plan can be a smart solution to help you pursue your college savings goals.

All investments involve risks, including possible loss of principal.

Investors should carefully consider plan investment goals, risks, charges and expenses before investing. To obtain an Investor Handbook*, which contains this and other information, talk to your financial advisor or call Franklin Templeton Distributors, Inc., the manager and underwriter for the plan, at (866) 362-1597. You should read the* Investor Handbook *carefully before investing and consider whether your or the account 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.*

Each plan account is subject to an annual program management fee of 0.25% of assets and underlying fund expenses, currently up to 0.99% of assets, which may vary and sales charges, which vary by class of share. See the Investor Handbook *for more complete information.*

1. Source: www.savingforcollege.com, November 2015.
2. Source: www.ed.gov, U.S. Department of Education, November 2015.
3. Offered and administered by the New Jersey Higher Education Student Assistance Authority (HESAA); managed and distributed by Franklin Templeton Distributors, Inc., an affiliate of Franklin Resources, Inc., which operates as Franklin Templeton Investments. No federal or state guarantee. Principal value may be lost, and investing in the plan does not guarantee admission to college or sufficient funds for college. Please refer to the *Investor Handbook* for more complete information.
4. The plan is managed by Franklin Mutual Advisers, LLC, an affiliate of Franklin Templeton Distributors, Inc. Plan portfolios generally invest in mutual funds managed by affiliates of Franklin Mutual Advisers, LLC.
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).

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HESAA
Higher Education Student Assistance Authority