



College Planning
Your College Savings Options



Today's Agenda

1. The cost of college today

2. Ways to save for college:

- 529 college savings plans
- Other college savings vehicles
- Things to consider when planning for college

3. Next steps: How Fidelity can help

Rising Cost of College

Average Published Charges for Full-Time Undergraduates
by Sector, 2017-2018 (Enrollment Weighted)

The Cost of College

Sector	Tuition and Fees				Room and Board				Total Charges
	2016-2017	2017-2018	\$ Change	% Change	Total Charges				
Public Two Year in State	\$3,470	\$3,570	\$100	2.9%	2016-2017	2017-2018	\$ Change	% Change	-
Public Four Year in State	\$9,670	\$9,970	\$300	3.1%	\$11,640	\$11,970	\$330	2.8%	
Public Four Year Out of State	\$24,820	\$25,620	\$800	3.2%	\$20,150	\$20,770	\$620	3.1%	
Private Nonprofit Four Year	\$33,520	\$34,740	\$1,220	3.6%	\$35,300	\$36,420	\$1,120	3.2%	
For Profit	\$16,000	-	-	-	\$45,370	\$46,950	\$1,580	3.5%	
					-	-	-	-	

Sample information is for illustrative purposes only.

Sample too small to provide meaningful information.

Source: The College Board, *Trends in College Pricing 2017*, Table 1: Average Tuition and Fees and Room and Board in Current Dollars, 2016-2017 and 2017-2018

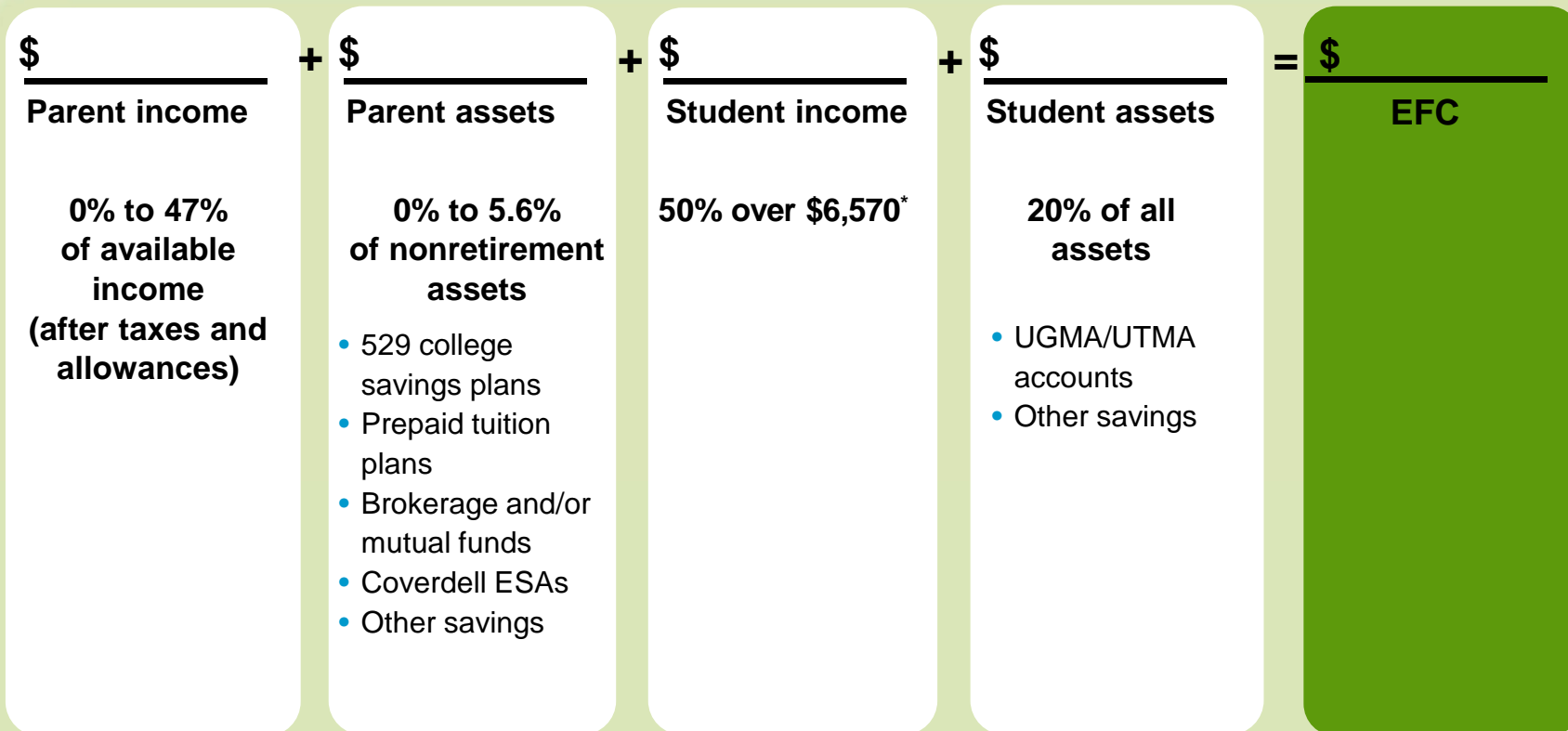
How You'll Likely Pay for College

1. Income
2. Savings
3. Personal Loans
4. Financial Aid



Understanding Savings Challenges

Expected Family Contribution (EFC)*



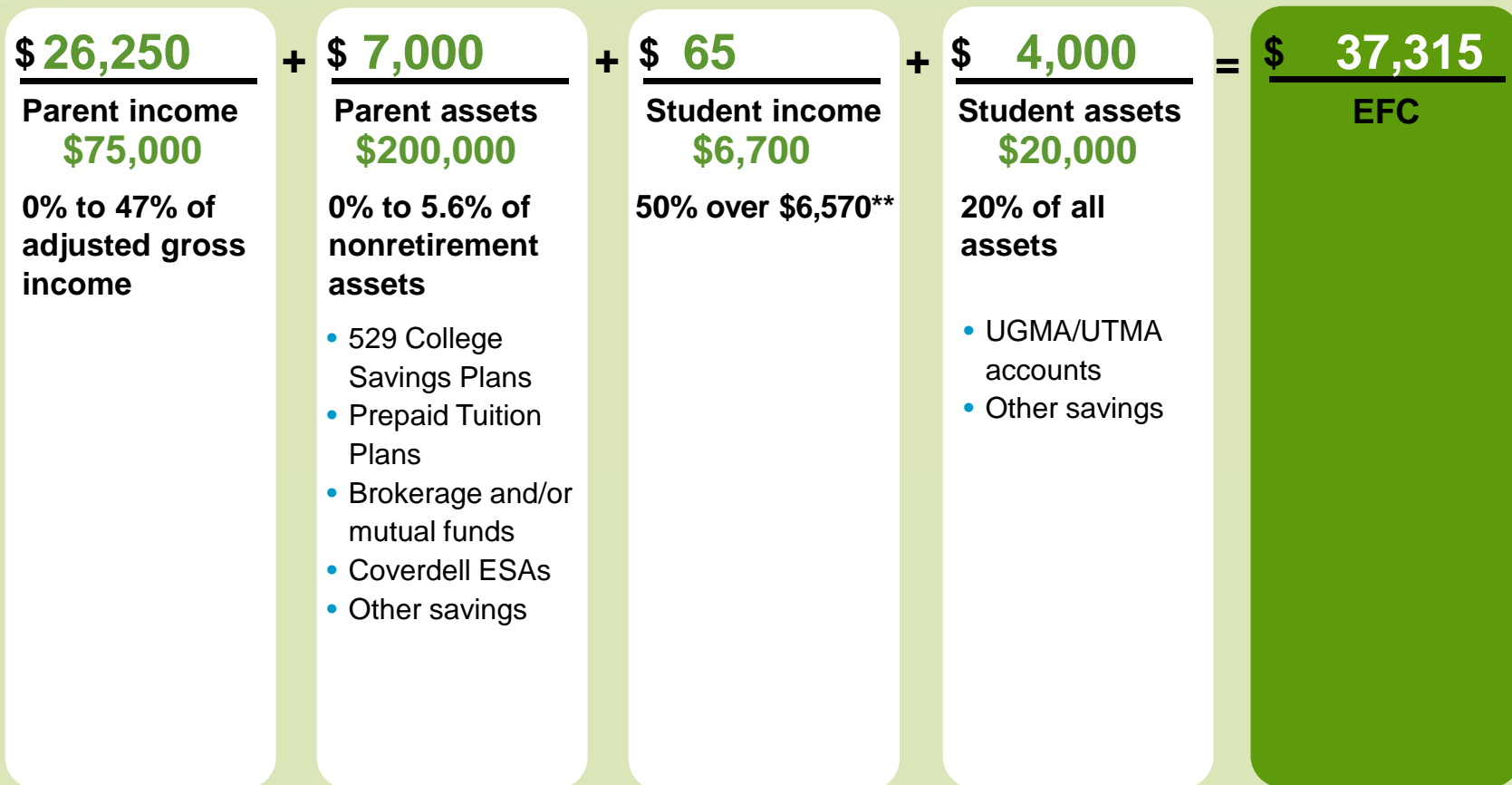
FAFSA looks at income information from two years prior.

Grandparent Owned 529: Asset value not reported. Distributions/support added to base-year income. Consider holding off on distributions until after final base year.

*Source for all figures unless otherwise noted: <https://ifap.ed.gov/efcformulaguide/attachments/071017EFCFormulaGuide1819.pdf>
The EFC formula above is used for the Federal Methodology.

Expected Family Contribution (EFC) Example*

Understanding Savings Challenges



*Source for all figures unless otherwise noted: http://www.savingforcollege.com/financial_aid_basics/financial_aid_and_your_savings.php

**Source: <http://fap.ed.gov/efcformulaguide/attachments/071416EFCFormulaGuide1718.pdf>

The EFC formula above is used for the Federal Methodology.



College Savings Plan Comparisons

Ways to Save for College

	529 Plan	Fidelity Custodial Account UGMA/UTMA	Coverdell Education Savings Account	Taxable Account
Earnings Grow Tax Deferred	➔	Part of investment earnings may be exempt from federal income taxes.	➔	To the extent gains are unrealized, they effectively provide the benefit of tax deferral.
Ability to Change Beneficiaries	➔ ¹	Not permitted. Contributions are irrevocable gifts to the minor.	➔	N/A
Account Holder Maintains Control Over Distribution of Assets	➔	Distributions must be used for the benefit of the minor.	➔	➔
No Income Restrictions	➔	➔		➔
No Age Limit for Contributions	➔	Effectively limited by termination of custodianship as assets must be transferred to beneficiary at that time (usually age 18 or 21).	Beneficiary must be under age 18. No age limit for special needs beneficiary.	➔
Ability to Accelerate Gifting \$75K/\$150K	➔ ²	Each donor can currently contribute up to \$15,000/year without federal gift-tax impact.	\$2,000 limit per designated beneficiary.	No limit on contributions.
Impact of Assets on Financial Aid	Low	High	Low	Low if considered assets of the parent

¹ See Fact Kit for details on changing beneficiaries. Participants can transfer account to benefit an eligible member of the original beneficiary's family, tax free and penalty free.

² In order for an accelerated transfer to a 529 plan (for a given beneficiary) of \$75,000 (or \$150,000 combined for spouses who gift-split) to result in no federal transfer tax and no use of any portion of the applicable federal transfer tax exemption and/or credit amounts, no further annual exclusion gifts and/or generation-skipping transfers to the same beneficiary may be made over the five-year period, and the transfer must be reported as a series of five equal annual transfers on Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return. If the donor dies within the five-year period, a portion of the transferred amount will be included in the donor's estate for estate-tax purposes.

Visit www.Fidelity.com/college to compare options.



How to Choose a 529 College Savings Plan

529 plan uniform features

- Federal income tax free qualified withdrawals
- Use at any eligible college, university or trade school nationwide and at eligible foreign institutions
- Use for a range of qualified college expenses
- K-12 tuition related expenses*
- Participant, not beneficiary, maintains control over account assets**
- Federal financial aid treatment
- No income limitations
- Potential gift- and estate-tax benefits

529 plan variable features

- State tax benefits
- Maximum and minimum contributions
- Fees and expenses
- Investment options
- Plan performance
- Investment management provider
- Investment guidance
- Rewards programs

*529 plans may be used for up to \$10,000 per beneficiary during a calendar year for K-12 tuition related expenses at public, private and religious elementary and secondary schools

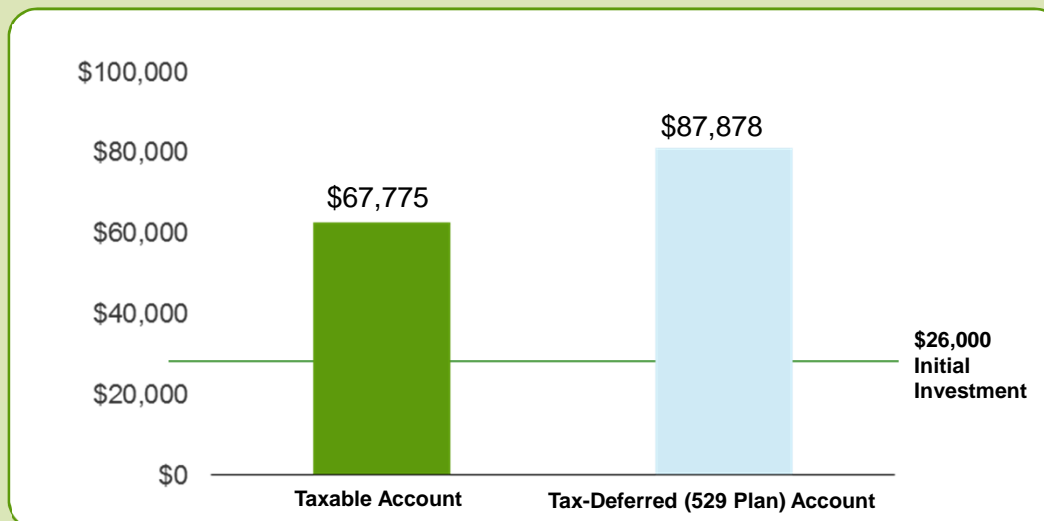
**The IRS does not allow a participant to have direct or indirect control over the investments in a 529 plan.

The Potential Value of Tax-Deferred Growth

Potential difference in growth after 18 years of a lump sum invested in a taxable account versus a tax-deferred (529 plan) account.

Hypothetical Example

When saving for college, consider the tax advantages of investments that offer tax-deferred growth of earnings (such as a 529 plan account). Tax-deferred products may offer a greater opportunity to build on any growth of previous years' earnings.



Ways to Save for College

If you or the designated beneficiary is not a resident of the state sponsoring the 529 plan, you may want to consider, before investing, whether your state or the designated beneficiary's home state offers its residents a plan with alternate state tax advantages or other benefits.

This hypothetical example compares tax-deferred 529 plan account and taxable account investing and the after-tax amounts potentially available from each at the end of the assumed time period. Assumptions are: (1) an initial after-tax investment of \$26,000 for 18 years; (2) monthly compounding of a 7% annual rate of return; (3) an imputed constant annual marginal federal income tax rate of 25% on taxable account earnings; (4) distributions from the 529 account are used to cover qualified higher education expenses and therefore not subject to federal income taxation; and (5) no state or local taxes, inflation, or account fees or expenses were considered. If they were, returns would be lower.

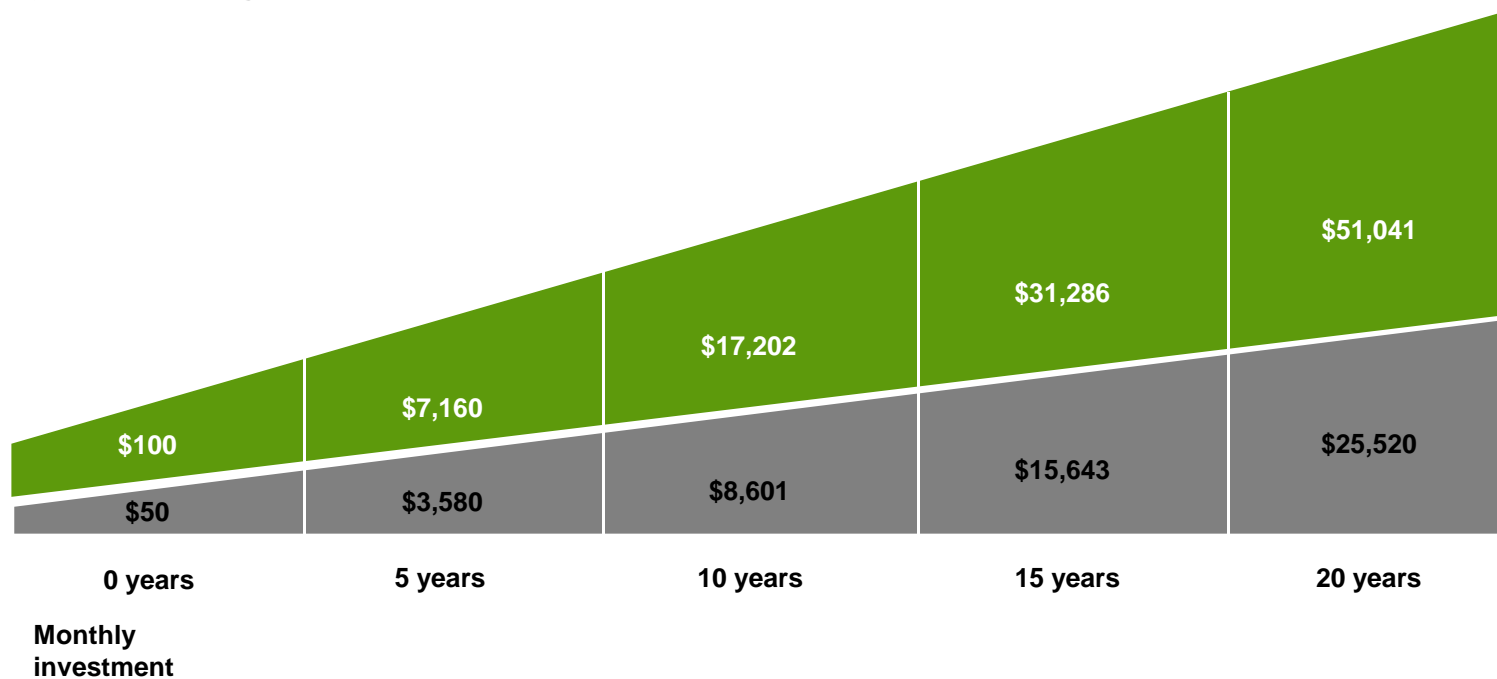
Investors may realize capital gains or capital losses in any year that they sell fund shares within a taxable account, although this example does not take into account capital loss carry forwards or other tax strategies used to reduce taxes that could be incurred in a taxable account. Lower capital gains or dividend tax rates or tax rates in general would make the return for the taxable account more favorable. The earnings on distributions from a 529 plan not used on qualified higher education expenses are subject to federal income taxes and a 10% penalty.

Consider your current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. Systematic investing does not ensure a profit and does not limit loss in a declining market. This example is for illustrative purposes only and does not represent the performance of any security. The assumed rate of return used in this example is not guaranteed, and you may have a gain or loss when you sell your units. Investments that have potential for a 7% annual rate of return also come with risk of loss.



Use Time to Your Advantage

Hypothetical growth chart



This hypothetical example illustrates the future value of different regular monthly investments for different periods of time and assumes an annual effective investment return of 7%.

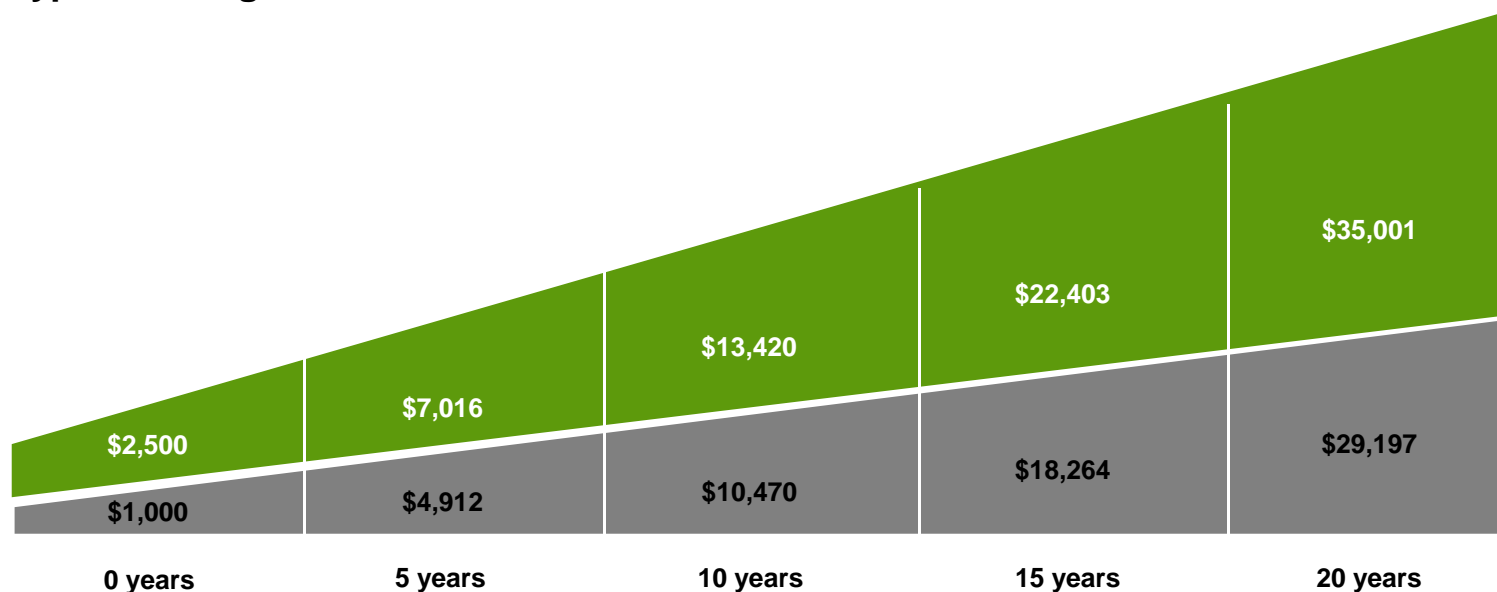
This hypothetical example does not reflect actual investments or reflect any taxes, inflation, fees, or expenses. If they had been deducted, performance would have been lower. These hypothetical examples are not intended to predict or project investment results. Periodic investment plans do not ensure a profit and do not protect against a loss in a declining market.

Understanding Savings Challenges



Use Time to Your Advantage

Hypothetical growth chart



Lump sum
+\$50 per month

This hypothetical example illustrates the future value of different lump-sum investments and \$50 per month for different periods of time and assumes an annual effective investment return of 7%.

This hypothetical example does not reflect actual investments or reflect any taxes, inflation, fees, or expenses. If they had been deducted, performance would have been lower. These hypothetical examples are not intended to predict or project investment results. Periodic investment plans do not ensure a profit and do not protect against a loss in a declining market.

Understanding Savings Challenges



Maximize your college savings

Fidelity Investments 529 College Rewards[®] Visa Signature[®] Card.

MONTHLY PURCHASE		POINTS EARNED
Groceries	\$800	1,600
Dining Out	\$400	800
Gas	\$300	600
Utilities/Cable	\$500	1,000
Cell Phone	\$200	400
Gifts	\$300	600
Monthly Total	\$2,500	5,000 points*

**\$2,500 spending = 5,000 points
= \$50 cash back for college!**

This is for illustrative purposes only. Your actual rewards earned will depend on your individual purchases.

- Earn unlimited 2% cash back* on every eligible net purchase when you direct your deposit into your Fidelity-managed 529 plan account.
- No reward caps or limits, and your points will not expire.*
- Friends and family can help by applying for a Fidelity Investments 529 College Rewards Card and linking their cards to your designated Fidelity-managed 529 account(s).



*You will earn 2 points per dollar on every eligible net purchase (net purchases are purchases minus credits and returns) that you charge. Credits, returns, adjustments, and certain transactions do not earn points. Account must be open and in good standing to earn and redeem rewards and benefits. The 2% rewards value applies only to points redeemed for a deposit into an eligible Fidelity account. The redemption value is different if you choose to redeem your points for other rewards such as travel options, merchandise, gift cards and/or statement credit. Other restrictions apply. Full details appear in the Program Rules new card customers receive with their card. Establishment or ownership of a Fidelity account or other relationship with Fidelity Investments is not required to obtain a card or to be eligible to use points to obtain any rewards

Fidelity's Online Gifting Tool

Invite Family and Friends to Give to Your College Savings Account

- Set up a personalized gifting page
- Invite family and friends via social networking (Facebook and Twitter) and/or email to give to your college savings account
- Privately track your college savings gifts through your dashboard
- Access your gifting page anytime through your computer or smartphone

The image displays two screenshots of the Fidelity online gifting tool. The top screenshot shows a personalized gifting page for 'Ashley's College Savings'. It includes a header with the Fidelity logo, the account name, and a thank-you message. Below this, there is a profile for Ashley, 4 years old, with a photo and a dream statement: 'I want to be an inventor!'. A 'Make a Gift' button is visible. To the right, there are links for 'Learn more' and 'View all Frequently Asked Questions'. The bottom screenshot shows the 'College Gifting Dashboard' for the account 'ASHLEY'S 529 (999999999)'. It features a table of gifts received, a sidebar with navigation options, and sections for 'Invite Family & Friends to Your Page' and 'Manage Your College Gifting Page'. The table lists gifts from various donors, including John Smith, Alice Jones, Paul Jones, and Rachel Jones, with dates and amounts ranging from \$100 to \$200. The total gifts received are \$5,430.00.

Date	From	Amount
05/22/13	John Smith	\$200.00
05/15/13	Alice Jones	\$200.00
05/10/13	Paul Jones	\$100.00
04/29/13	Rachel Jones	\$100.00
04/20/13	Alice Jones	\$100.00
04/19/13	John Smith	\$200.00
04/10/13	Paul Jones	\$100.00
03/29/13	Rachel Jones	\$100.00
03/20/13	Alice Jones	\$100.00
03/19/13	John Smith	\$200.00
All Family & Friends Total		\$5430.00

* Screenshots are for illustrative purposes and may change

Potential Gift- and Estate-Tax Advantages

1. You can give up to \$15,000 per beneficiary per year (\$30,000 per married couple).
2. You can give \$75K to a beneficiary in a single year with a 529 plan. If married, each spouse may contribute this amount.*
3. Contributions to 529 plans are not considered part of your current estate.*
4. You control the account, not the beneficiary.**



Ways to Save for College

* In order for an accelerated transfer to a 529 plan (for a given beneficiary) of \$75,000 (or \$150,000 combined for spouses who gift-split) to result in no federal transfer tax and no use of any portion of the applicable federal transfer tax exemption and/or credit amounts, no further annual exclusion gifts and/or generation-skipping transfers to the same beneficiary may be made over the five-year period, and the transfer must be reported as a series of five equal annual transfers on Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return. If the donor fails to survive the five-year period, a portion of the transferred amount not yet reported will be included in the donor's estate for estate-tax purposes.

**The IRS does not allow a participant to have direct or indirect control over the investments in a 529 plan.



What Happens if...

1. The beneficiary:

- Gets a scholarship?
- Decides not to go to college?
- Becomes disabled or dies?
- Graduates without using all the money in the account?
- Has an existing UGMA/UTMA account?

2. The account owner:

- Files for bankruptcy?

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Learn About College Planning

The prospect of paying for college may seem intimidating, but with proper planning, it doesn't have to be. Start here to learn about different savings approaches, tactics for increasing your savings, and options beyond savings to help pay for college when the time comes.

ARTICLE

Getting started with college savings

Establishing a college savings goal, choosing the type of account that's best for you, and making regular contributions starting at an early age can help you meet future college education expenses.

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College Planning Library of:

- Courses, articles and videos to learn about saving and planning for college
- Basic and intermediary level courses

All College Planning Lessons

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By Type: Select All | Deselect All

529 Plan | College Savings | UGMA/UTMA | Article | Course | Video

Title	Type	Level
Course 1: Importance of planning & saving for college (View Lessons)	Course	Beginner
Course 2: Getting started with college savings (View Lessons)	Course	Beginner
Course 3: Basics of 529 college savings plans (View Lessons)	Course	Beginner
Course 4: Halfway to college: Middle school years (View Lessons)	Course	Beginner
Course 5: Almost in college: High school years (View Lessons)	Course	Beginner
Course 6: Paying for college: Freshman year (View Lessons)	Course	Beginner
Dispelling 529 plan myths	Article	Beginner
Get a head start on college: Allocation	Article	Beginner
Get a head start on college: Financial aid	Article	Beginner
Getting started with college savings	Article	Beginner
Gifting for 529 plan customers	Video	Beginner
How grandparents can help fund college	Article	Intermediate
How much college can you really afford?	Article	Beginner

www.fidelity.com/learning-center

* Screenshots are for illustrative purposes and may change



Next Steps

1. Determine your college savings goals.
2. Consider how best to save.
3. Maximize your savings.
4. Involve others in saving for college.
5. Get started early!

www.Fidelity.com/college



Next Steps: How Fidelity Can Help





Please take a moment to provide us with your feedback on your learning experience.



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