



AMERICA **Saves**\$



START SMALL. THINK BIG.

February 24- February 28, 2014

Welcome!

Saving for College Isn't Impossible . . .

All You Need is a Plan.

Presenter:

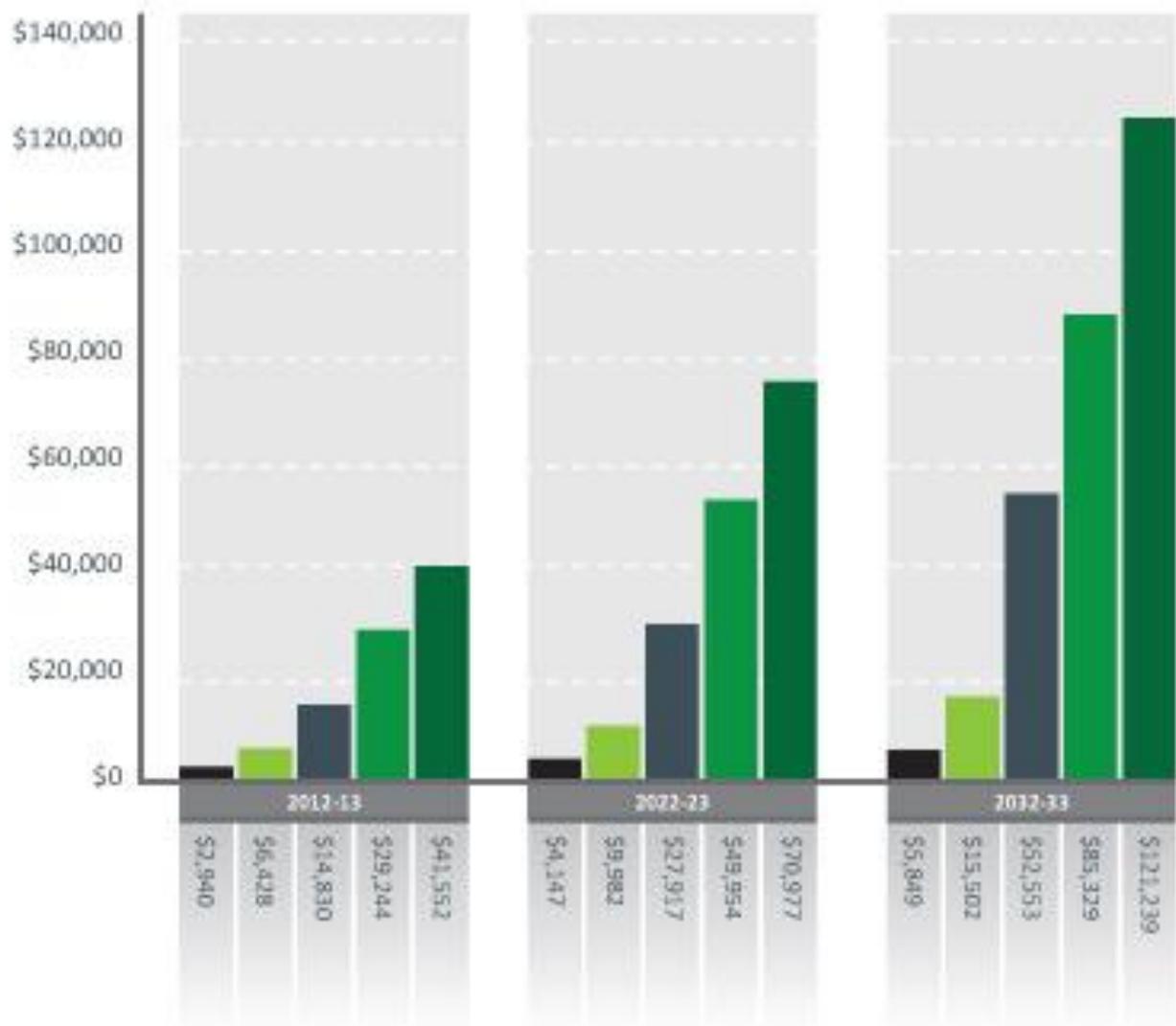
Kelly Dunkle, PA 529 Program Specialist
Pennsylvania 529 College Savings Program

pagsp@patreasury.org

- Intrinsic value of education
- Annual median earning differential:
 - High School Grad = \$33,800
 - Associate's Degree = \$42,000
 - Bachelor's Degree = \$55,700
- Lifetime difference:
 - Bachelor's Degree recipient earns 66% more
 - \$800,000 to \$1 million

Source: College Board, Education Pays 2010

College Costs



Current and Projected Annual Tuition Costs

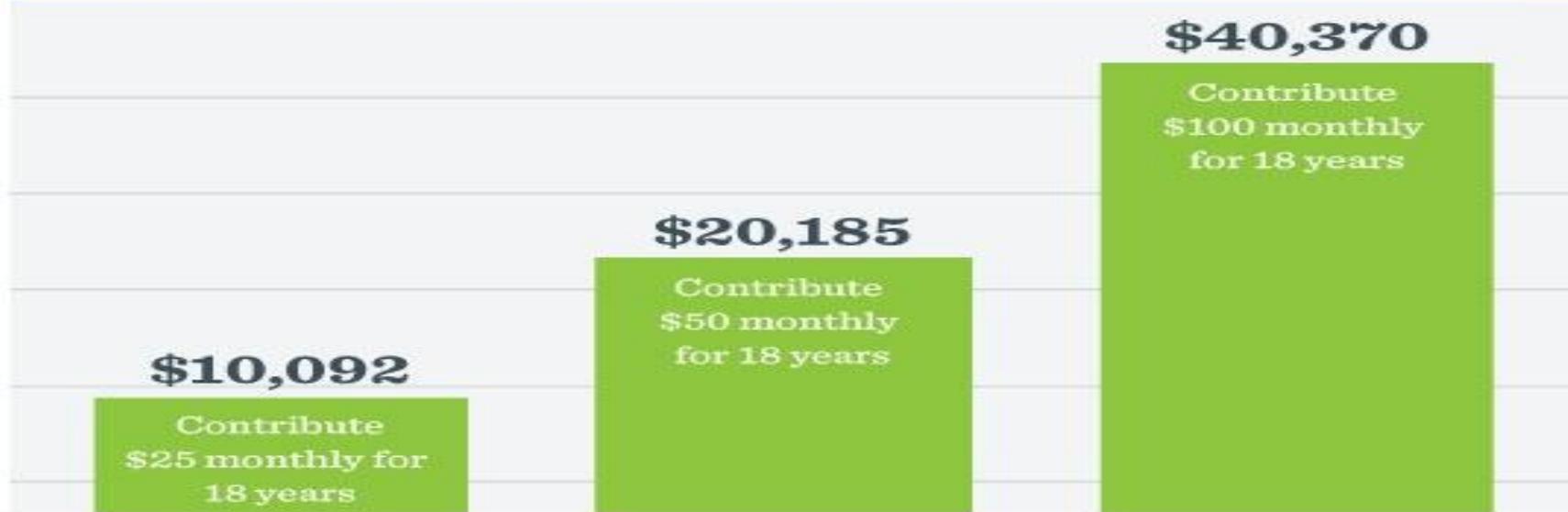
- PA Community Colleges
- PA State System of Higher Education
- PA State-Related Universities
- PA Private Four-Year Colleges
- Ivy League Colleges

The chart assumes annual tuition inflation rates: Community Colleges, 3.5%; State System of Higher Education, 4.5%; State-Related Universities, 6.53%; Private Four-Year Colleges, 5.5%; and Ivy League Colleges, 5.5%. Although these projections are based on historical and projected rates of tuition inflation at each type of institution, there can be no assurance that they will accurately reflect future increases. Projected tuition rates do not represent actual tuition costs at a specific school. Tuition inflation projections and calculations provided by Actuarial Resources Corporation.

Why you Need a Plan for Saving

- Affording college is the #1 financial concern of American families
- Money is a major reason for NOT going to college
 - 75% without a college education give money as a reason
- Kids with college savings in their name are 7 times more likely to go to college

Saving A Little Each Month Adds Up Over Time



Results accumulated at 6.53% for 18 years

- Save and earn interest vs. borrow and pay interest
 - Takes the average student who borrows until age 33 to break even

Student Loan Repayment Costs:

Loan Amount:	Monthly Payment:	Total Owed with Interest:
\$10,000	\$78.83	\$17,026
\$20,000	\$157.66	\$34,053
\$40,000	\$315.31	\$68,108

Assumes 6.53% interest rate; 216 monthly payments for a total of 18 years.

Source: finaid.org Loan Calculator.

- Tax deferred growth
- Tax exempt earnings when used for qualified expenses
- PA income tax deduction
 - \$14,000 per year, per beneficiary
- Estate and gift tax benefits
- PA inheritance tax exemption
- No income restrictions

- No impact on state financial aid eligibility
- Small impact on federal financial aid eligibility
- Protection from creditors
- Free Rewards Programs
 - Savings and Growth for Education (SAGE)
 - Upromise Loyalty Rewards

Program Basics: PA 529- Qualified Expenses

- Tuition
- Mandatory Fees
- Room & Board *
- Required Books
- Required Equipment
- Required Supplies
- Special Needs Services

*For both on-campus and-off campus. To be a qualified expense, student must be attending at-least half-time.

- Nearly all Private Colleges and Universities
- Nearly all Public Colleges and Universities
- Nearly all Graduate and Professional Schools
- Many Vocational, Technical and Career Schools

For a complete list please visit the U.S. Dept. of Education Web site for Eligible Schools:

<http://www.fafsa.ed.gov>

Any school with a FAFSA school code is eligible.

- Open an account
 - Online at www.PA529.com
 - Minimum to open: \$15/GSP & \$25/IP; maximum \$452,210
- Make contributions
 - Any amount of \$15/GSP or \$25/IP at any time
 - Set up payroll deduction or automatic bank withdrawals (\$12.50/biweekly, \$25/month)
 - Have family and friends help through Ugift
- Watch account grow
 - PA 529 Guaranteed Savings Plan – with tuition inflation
 - PA 529 Investment Plan – with financial markets
- Use the account when the child enters college
 - Account owner directs who gets paid, how much, and when

- **Account Owner:**

- Controls all account decisions
- Names or changes beneficiary

- **Beneficiary:**

- Intended student, one beneficiary per account
- May be changed to certain “members of the family” of current beneficiary

- **Successor Owner:**

- Controls account upon Account Owner’s death

- **Authorized Agent:**

- Level 1 – Account Inquiry Access.
- Level 2 – Account Inquiry Access, Contributions, and Exchanges.
- Level 3 – Account Inquiry Access, Contributions, Exchanges, and Disbursements.

You don't need to own an account to make a contribution!

PA 529 Guaranteed Savings Plan

Residency: Required

Investment Manager: Treasury

Fees: \$50 enrollment(**discounted**)
0.44% annual w/ paper delivery
0.35% annual w/ e-delivery*

Growth: with tuition inflation

PA 529 Investment Plan

Residency: Not Required

Investment Manager: Vanguard

Fees: No enrollment fee
0.36% to 0.50% annual
**\$18.00 annual maintenance fee

Growth: with financial markets

Withdraw funds for any reason at any time

(subject to taxes and penalties).

*E-delivery required for statements and transaction/profile confirmations

**Waived with e-delivery of statements and transaction/profile confirmations.

Save now for one semester, have enough for one semester later

The growth on your contributions is based on tuition increases at the type of school you designate

Peace of mind – not subject to ups and downs of financial markets

Program Basics: GSP – Account Example

Total Contributions: \$5,000

Tuition Inflation Value: \$6,500

Market Value of Account: \$5,900

Amount available for qualified withdrawals:
\$6,500

Program Basics: GSP - “Guarantee”

- Obligation of the GSP Fund, not the Commonwealth
- Dedicated to pay PA 529 GSP obligations and cannot be used for other purposes
- Safeguards in place to protect the fund

Program Basics: GSP - Tuition Levels

Choose

Average Level

OR

Specific PA Public School

State-Related	Penn State (including the Pennsylvania College of Technology), Pitt, Lincoln, and Temple
State System of Higher Education	Bloomsburg, California, Cheyney, Clarion, East Stroudsburg, Edinboro, Indiana, Kutztown, Lock Haven, Mansfield, Millersville, Shippensburg, Slippery Rock, and West Chester
Community Colleges	Allegheny County, Beaver County, Bucks County, Butler County, Delaware County, Harrisburg Area, Lehigh-Carbon County, Luzerne County, Montgomery County, Northampton County, Pennsylvania Highlands, Philadelphia, Reading Area, and Westmoreland Area
	Thaddeus Stevens College of Technology
Ivy League	
Private Four-Year	

Flexibility of Tuition Levels

- Beneficiary does not have to attend the school - or type of school - designated by your Tuition Level
- Automatically changed if student attends a Pennsylvania publicly funded school
- Importance of tuition levels
 - Aids actuarial analysis
 - Helps account owners measure progress

PA 529 GSP Credits

- Credit Rate Example:

Contribution made prior to 08/31/13:	\$100.00
2012-13 GSP Credit Rate for SSHE:	\$267.84
Number of Credits accumulated:	0.373

Contribution made 09/01/13 or after:	\$100.00
2013-14 GSP Credit Rate for SSHE:	\$275.92
Number of Credits accumulated:	0.362

- 12 PA 529 GSP credits generally cover one semester's tuition – additional credits needed to cover other qualified expenses

- Set annually by PA Treasury (effective 9/1 - 8/31) for each Tuition Level
- Based on actual tuition at Tuition Level
- May be same, more (include “premiums”), or less (include “discounts”)
- Credits subject to approximately one-year maturity requirement

Actual Tuition Inflation Last 5 years

• Community College Average	25.17%
• State System of Higher Education	19.23%
• State-Related Average	16.70%
• Penn State University	18.27%
• University of Pittsburgh	21.70%
• Private Four-year College Average	20.27%
• Ivy League Average	17.60%

Past performance is not a guarantee of future results

Pennsylvania 529 Investment Plan

- Returns (vs. growth) subject to financial market performance
- Wide array of investment options with various asset allocations:
 - Three age-based options
 - Ten fixed-allocation options

Program Basics: IP - Age-Based Options

Age of Beneficiary	Conservative Option	Moderate Option	Aggressive Option
5 or younger	Moderate Growth Portfolio  <ul style="list-style-type: none"> 60% Stocks 40% Bonds 	Growth Portfolio  <ul style="list-style-type: none"> 80% Stocks 20% Bonds 	Aggressive Growth Portfolio  <ul style="list-style-type: none"> 100% Stocks
6 through 10	Conservative Growth Portfolio  <ul style="list-style-type: none"> 35% Stocks 65% Bonds 	Moderate Growth Portfolio  <ul style="list-style-type: none"> 60% Stocks 40% Bonds 	Growth Portfolio  <ul style="list-style-type: none"> 80% Stocks 20% Bonds
11 through 15	Income Portfolio  <ul style="list-style-type: none"> 20% Stocks 80% Bonds 	Conservative Growth Portfolio  <ul style="list-style-type: none"> 35% Stocks 65% Bonds 	Moderate Growth Portfolio  <ul style="list-style-type: none"> 60% Stocks 40% Bonds
16 through 18	Conservative Income Portfolio  <ul style="list-style-type: none"> 75% Bonds 25% Short-term reserves 	Income Portfolio  <ul style="list-style-type: none"> 20% Stocks 80% Bonds 	Conservative Growth Portfolio  <ul style="list-style-type: none"> 35% Stocks 65% Bonds
19 or older	Money Market Portfolio  <ul style="list-style-type: none"> 100% Short-term reserves 	Conservative Income Portfolio  <ul style="list-style-type: none"> 75% Bonds 25% Short-term reserves 	Income Portfolio  <ul style="list-style-type: none"> 20% Stocks 80% Bonds

Program Basics: IP - Fixed Options

Investment Option	Investment Objective	Underlying Investments
Aggressive Growth Portfolio (<u>asset-based</u> fee 0.38%)	Seeks to provide capital appreciation.	70% Vanguard Institutional Total Stock Market Index Fund 30% Vanguard Total International Stock Market Index Fund
Total Stock Market Index Portfolio (<u>asset-based</u> fee 0.36%)	Seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.	100% Vanguard Institutional Total Stock Market Index Fund
Social Index Portfolio (<u>asset-based</u> fee 0.50%)	Seeks to track the performance of a benchmark index that measures the investment return of large- and mid-capitalization stocks that are screened on social and environment criteria.	100% Vanguard FTSE Social Index Fund
Growth Portfolio (<u>asset-based</u> fee 0.39%)	Seeks to provide capital appreciation and low to moderate current income.	55% Vanguard Institutional Total Stock Market Index Fund 25% Vanguard Total International Stock Market Index Fund 20% Vanguard Total Bond Market II Index Fund
Moderate Growth Portfolio (<u>asset-based</u> fee 0.38%)	Seeks to provide capital appreciation and current income.	45% Vanguard Institutional Total Stock Market Index Fund 15% Vanguard Total International Stock Market Index Fund 40% Vanguard Total Bond Market II Index Fund
Conservative Growth Portfolio (<u>asset-based</u> fee 0.39%)	Seeks to provide current income and low to moderate capital appreciation.	25% Vanguard Institutional Total Stock Market Index Fund 10% Vanguard Total International Stock Market Index Fund 65% Vanguard Total Bond Market II Index Fund
Income Portfolio (<u>asset-based</u> fee 0.38%)	Seeks to provide current income.	80% Vanguard Total Bond Market II Index Fund Index Fund 20% Vanguard Institutional Total Stock Market Index Fund
Conservative Income Portfolio (<u>asset-based</u> fee 0.41%)	Seeks to provide current income and some inflation protection as well as income consistent with the preservation of principal.	50% Vanguard Total Bond Market II Index Fund Index Fund 25% Vanguard Inflation-Protected Securities Fund 25% Vanguard Prime Money Market Fund
Inflation-Protected Securities Portfolio (<u>asset-based</u> fee 0.41%)	Seeks to provide inflation protection and income consistent with investment in inflation-indexed securities.	100% Vanguard Inflation-Protected Securities Fund
Money Market Portfolio (<u>asset-based</u> fee 0.43%)	Seeks income consistent with the preservation of principal.	100% Vanguard Prime Money Market Fund

- Enroll for free online at www.PA529.com

Online enrollment fee for PA 529 GSP waived until
3/31/2014.

Use promotion code: **Saves**

- Paper enrollment with coupon is \$25.00

Download enrollment material at www.PA529.com or
call 1-800-440-4000

The Guaranteed Savings Plan (inception date of /091993):

- Over 43,500 students have used their GSP accounts to attend colleges and career schools.
- Those students have attended over 1,900 different schools.
- \$1.038 billion has been paid from GSP accounts.
- Of that amount, more than \$316 million has been growth.
- On average, families' contributions have grown 43.78% in value from contribution to use.

The Investment Plan (inception date of 07/02):

- Almost 11,700 students have used their IP accounts to attend colleges and career schools.
- Over \$219 million has been paid from IP accounts.
- Of that amount, almost \$25 million has been growth.
- On average, families' contributions have grown almost 13% in value from contribution to use.

Past performance is not a guarantee of future results



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START SMALL. THINK BIG.



**Set a Goal.
Make a Plan.
Save Automatically.**

Questions?

This presentation provides only highlights of the PA 529 College Savings Program. For important details about the Program, including how the PA 529 GSP guarantee works and its limitations; the tax benefits, requirements, and consequences of nonqualified withdrawals; and investment objectives, risks, and costs, please carefully read each Plan's Disclosure Statement before investing.

They are available by visiting www.PA529.com or by calling 1-800-440-4000.