

When College Comes, Will You Be Ready?



CollegeInvest 529 **College Savings Plans**

About CollegeInvest

Our vision at CollegeInvest is to make a higher education financially attainable by saving. Our mission is to be Colorado's trusted resource in breaking down the financial barriers to attaining a higher education through tax-advantaged college savings plans, scholarships, and matching grants.



Compare CollegeInvest Savings Plans

No two families are alike, so our program offers a wide variety of plans and savings options. If you are a Colorado resident, every dollar you contribute can be deducted from your Colorado state income tax¹. And, our savings plans can be used nationwide at any eligible public or private college, university, vocational or trade school, including some outside the U.S.

This guide is intended to provide you with primary information of our college savings plans and other college savings options, and may not be all-inclusive. We suggest you further research any area you are interested in, including consultation with a tax advisor or financial consultant.

Investment returns are not guaranteed, and you could lose money, including principal.


Compare CollegeInvest 529s to Other Savings Options

529s, Roth IRAs, UTMA/UGMAs, Coverdells and Life Insurance. This guide provides a summary of the primary benefits and limitations of each of these options. Each of these savings options offer specific benefits, some more complex than others, and their own set of limitations including tax treatment, the maximum amount that can be contributed, and control of the account's funds.

1. Contributions to the Plan(s) are deductible from Colorado state income tax in the tax year of the contribution, up to your Colorado taxable income for that year. Such deductions are subject to recapture in subsequent years in which non-qualified withdrawals are made.

Comparison of Selected College Savings Products

Based on 2016 Limits

	Description	Income Limits	Age Requirements for Account Owner or Beneficiary	Ability to Change the Beneficiary	Where Funds Can be Used
 <p>CollegeInvest® WE HELP YOU GET THERE 529 College Savings Plans</p>	State sponsored, tax-advantaged savings vehicles for qualified higher education expenses.	None.	None.	Yes, at any time, to another qualified member of the current beneficiary's family, or yourself.	At any eligible college, university, vocational, or trade school including some outside the U.S.
Roth Individual Retirement Account	Tax-advantaged retirement vehicle that may also be used to fund qualified higher education expenses.	Yes, subject to Modified Adjusted Gross Income (MAGI) limitations: Individuals: MAGI must be less than \$132,000. Married, Joint: MAGI must be less than \$194,000. Other restrictions apply.	None.	Yes, at any time. But there are varying limitations and tax liabilities depending on your selection.	At any eligible college, university, vocational, or trade school including some outside the U.S.
Uniform Trust/ Gift to Minors Act Account (UTMA/UGMA)	Custodial account managed for the benefit of a minor. The account is an irrevocable transfer of assets in a child's name. (Cannot recover the funds placed in the account.)	None.	Account ownership transfers to the minor upon reaching the age of majority, usually between ages 18-21, or the ownership age specified when the trust was set-up.	No.	No restrictions.
Coverdell Education Savings Account	Tax-advantaged savings vehicle for qualified K-12 and higher education expenses.	Yes, subject to Modified Adjusted Gross Income (MAGI) limitations: Individuals: MAGI must be less than \$110,000. Married, Joint: MAGI must be less than \$220,000.	Contributions: Beneficiary must be under age 18 unless a special needs beneficiary. Distributions: Must be completed by the time the beneficiary reaches age 30, unless a special needs beneficiary.	Yes, but only to another member of the current beneficiary's family under the age of 30, or a special needs beneficiary of any age.	For higher education: Any eligible college, university, vocational, or trade school including some schools outside the U.S. For K-12 education: Any public, private, or religious school that provides K-12 education.
Life Insurance	Life insurance policies must be those which are considered "permanent" and which build cash value as premiums are paid. Using a policy's loan provision to create cash flow will avoid any tax liability on the transaction.	None.	Policy owner must be 18-21 years old depending on the state of issue, policy type, and insurance company.	Yes, but irrelevant when utilizing cash value.	No restrictions.

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Use of Funds	Maximum Contribution Limit	State Tax Deduction for Contributions	Federal Income Tax Treatment of Earnings	Federal Income Tax Treatment of Qualified Withdrawals	Annual Limit for Gift Tax Exclusion
Tuition. Required fees, books, and supplies. Computers, peripheral equipment, software, and internet access as long as the student is the primary user (other restrictions apply). Room and board for students attending at least half time in a degree or certificate program (certain limits apply).	\$400,000 cumulative for all accounts for the same beneficiary.	Yes, for Colorado taxpayers. ¹	Tax free while in the account and used for qualified, higher education withdrawals.	Tax free for all qualified higher education expenses.	\$14,000 single/\$28,000 married couple per beneficiary in a single year without federal gift tax consequences. Multiple year options are available but restrictions apply.
Tuition, room and board, required fees, books, and supplies.	Maximum limit is \$5,500 (\$6,500 for taxpayers 50+) subject to the MAGI limitations. Excess contributions are subject to a 6% excise tax.	No.	Tax exempt while in the account.	If the account has been held for five years and the IRA holder is over age 59½, distributions for higher education expenses are tax-free and penalty-free. For premature withdrawals (before reaching the age of 59½) the earnings portion is taxed as ordinary income, but penalty-free when used for qualified higher education expenses.	Not applicable.
Funds must be used exclusively for the benefit of the minor. There are no restrictions on the specific use of the funds, and they don't have to be used for educational expenses. At the age of majority, the child controls the unrestricted use of funds.	Unlimited.	No.	Child's age is 19 or less, or a full-time student less than 24: First \$1,000 of unearned income is tax free; next \$1,000 of unearned income is taxed at the child's rate (if no earned income); above \$2,000 of unearned income is taxed at the parent's marginal tax rate (if no earned income). Child's age is less than 19, and not a full time student: All earned or unearned income is taxed at the child's tax rate. Parents must file a tax return for the child each year.	Not applicable.	\$14,000 single/\$28,000 married couple per beneficiary in a single year without federal gift tax consequences. Multiple year options are available but restrictions apply.
For higher education: Tuition, room and board, fees, books, special needs services, and required supplies and equipment. Students must be enrolled at least half-time. For K-12 education: Also includes uniforms, transportation, after-school programs, computer equipment and software, internet access, and tutoring.	The total amount of all contributions to a single beneficiary cannot exceed \$2,000/year. Excess contributions are subject to a 6% penalty.	No.	Tax free if the distributions do not exceed the beneficiary's qualified education expenses for the year.	Tax free if the distributions do not exceed the beneficiary's qualified education expenses for the year.	The maximum contribution limit is below the annual limit for gift tax exclusion.
No restrictions.	Single-premium limit based on several factors including age of policy owner and face value of the policy. Note: Modified Endowment Contract (MEC) rules dictate these factors.	No.	Taxable, unless taken as part of a policy loan.	Generally, taxable to the extent that they exceed basis in a policy.	Not applicable.

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CollegelInvest 529 College Savings Plans



CollegelInvest provides a variety of tax-advantaged college savings options to meet the needs of families in Colorado, regardless of saving and investment preferences. Let us be your trusted resource in providing 529 college savings plans, scholarships, and matching grants to help you attain your higher education goals.

	Direct Portfolio TM College Savings Plan	Scholars Choice [®] College Savings Plan	Smart Choice SM College Savings Plan	Stable Value Plus TM College Savings Plan
Plan Description	This plan offers different age-based options, and blended or individual portfolios.	This plan offers age-based, years-to-enrollment, blended and individual-fund portfolios.	This plan offers the only FDIC-insured investment options ¹ that also qualify for the Colorado state income tax deduction ² .	This plan offers a guaranteed fixed income investment option designed to protect your principal, provide a minimum rate of return ³ , and provide earnings that could be greater than the minimum.
Program Manager	Partnership of Ascensus College Savings and The Vanguard Group, Inc.	QS Investors, LLC is the Investment Manager and Legg Mason Investor Services, LLC is the primary Distributor; together they serve as Manager of the Program.	FirstBank Holding Company, Member-FDIC.	Metropolitan Life Insurance Company of Connecticut (MetLife).
How to Enroll	Enroll directly with CollegelInvest at collegeinvest.org.	Available exclusively through financial advisors.	Enroll directly with FirstBank at efirstbank.com or any FirstBank location.	Enroll directly with CollegelInvest at collegeinvest.org.
Who Can be an Account Owner	The account owner must be a United States citizen, must have a valid Social Security Number or Taxpayer Identification Number, and must have a permanent address in the United States that is not a P.O. Box. There are no age restrictions to being an account owner. All CollegelInvest plans are open to residents of any state. There can only be one owner per account ⁴ .			
Changing the Beneficiary	The account owner may change the beneficiary at any time without adverse tax consequences, provided the new beneficiary is a family member of the original beneficiary.			
Minimum to Open an Account	\$25, \$15 with Payroll Direct Deposit.	\$250, No minimum with Payroll Direct Deposit.	No minimum.	\$25
Minimum Contribution	\$15	\$50	No minimum.	\$25
Maximum Contribution	All CollegelInvest plans accept contributions until the balance of all CollegelInvest accounts for the same beneficiary reaches \$400,000.			

For more specific information visit our website at collegeinvest.org/our-savings-plans

Investment returns are not guaranteed and you could lose money, including principal, by investing in these options.

Footnotes:

¹ Smart Choice College Savings Plans are not insured by CollegelInvest, the State of Colorado, or its agencies. However, these funds are FDIC-insured in accordance with the current FDIC coverage limits.

² Contributions to the Plan(s) are deductible from Colorado state income tax in the tax year of the contribution(s), up to your Colorado taxable income for that year. Such deductions are subject to recapture in subsequent years in which non-qualified withdrawals are made.

³ The current annual rate of return for calendar year 2016 is 2.54% net of all fees. The rate of return is reset each year by MetLife and will not go below a minimum of 2%. The minimum rate of return of 2% is prior to any fees or charges payable to CollegelInvest, including an annual administrative fee which is currently 0.71%.

⁴ Direct Portfolio, Scholars Choice, and Stable Value Plus account owners may also be trusts, not-for-profit organizations, and local governments.

Advantages of CollegeInvest 529s



You're always there for your grandkids. Don't let college be an exception. Open a CollegeInvest 529 savings account. It can be used at schools nationwide, and you'll get a Colorado tax deduction¹.

One of the Best Ways to Save for College

- Colorado state income tax deduction.
- Your CollegeInvest savings can be used anywhere in the country for tuition, room and board, certain fees, and other required expenses.
- No age or income limits to owning, contributing, or being a beneficiary of the 529 account.
- Maximum contribution level of \$400,000 per beneficiary.

Reduce the Size of Your Taxable Estate

- Contributions are considered a completed gift and are therefore removed from your estate.
- As an individual, you can gift up to \$14,000 per beneficiary each year without incurring a gift tax; up to \$28,000 for married couples.

529s are Unique

- As the account owner, you are in control of the account. Some custodial savings vehicles relinquish control of the funds to the beneficiary when the child reaches the age of majority for his/her state, usually 18 or 21 years.
- You name the beneficiary, with the option to change the beneficiary as you choose.
- You determine the investment selections and allocations, decide when and how much to withdraw, and what it's used for.

To learn about the investment objectives, risks, costs, limitations, and other important information regarding the CollegeInvest 529 program, read and consider carefully the Plan Disclosure Statements (PDS) available at collegeinvest.org before investing. Also, check with your or your beneficiary's home state to learn whether it offers tax or other benefits for investing in its own plan.

Investments are not guaranteed by CollegeInvest, the State of Colorado, or any of its agencies, and may lose value including the principal amount invested. The Direct Portfolio Plan's portfolio's, although they invest in Vanguard mutual funds, are not mutual funds. The guarantee of the Stable Value Plus College Savings Plan is the obligation of MetLife and only to the extent of the Funding Agreement. Smart Choice College Savings Plans are not insured by CollegeInvest, the State of Colorado, or its agencies. However, these funds are FDIC-insured in accordance with the current FDIC coverage limits.

CollegeInvest is the issuer of plan securities and is the trustee of the plans in accordance with Colorado law. Ascensus College Savings Recordkeeping Services, LLC and Ascensus Broker Dealer Services, Inc. serve as Plan Manager for the CollegeInvest Direct Portfolio College Savings Plan. The Vanguard Group, Inc., also serves as Plan Manager and Investment Manager for the Plan. Vanguard Marketing Corporation, Distributor and Underwriter. QS Investors, LLC is the Investment Manager for the CollegeInvest Scholars Choice College Savings Program. Legg Mason Investor Services, LLC is the primary Distributor of interests in the Plan, and together they serve as Plan Manager. FirstBank Holding Company serves as the Plan Manager for the CollegeInvest Smart Choice College Savings Plan. FirstBank- Member FDIC. MetLife serves as the Investment Manager for the CollegeInvest Stable Value Plus College Savings Plan. Administered and Issued by CollegeInvest. CollegeInvest, the CollegeInvest logo, and Direct Portfolio are registered trademarks. Ascensus College Savings is a registered service mark of Ascensus Broker Dealer Services. Vanguard is a trademark of The Vanguard Group, Inc. Scholars Choice and Smart Choice are registered service marks of CollegeInvest.

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