



**LEGG MASON**  
GLOBAL ASSET MANAGEMENT

Product Overview

---

# EXPLORE

---

Scholars Choice<sup>®</sup> 529 plan



INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

## College is within reach. You just need the right partner.

With the Scholars Choice College Savings Program, you'll be able to choose investment options.

That means that when the college years come, Scholars Choice will be there to help you pay for them.

Scholars Choice can help your family save for:

- college
- graduate school
- vocational school

Investing with Scholars Choice provides a number of advantages:

- professional money management
- favorable tax treatment
- significant flexibility



### Professional oversight

The Scholars Choice Portfolio Management team takes a hands-on approach. With over 40 years of combined investment experience, the team has dedicated their career to the active approach that's at the heart of the Scholars Choice 529 plan.



## Favorable tax treatment

### **Tax-deferred growth**

Your investments will grow tax-deferred as long as the money remains in your account.

### **Tax deductions for Colorado taxpayers**

If you're a Colorado taxpayer, every dollar you contribute can be deducted from your Colorado taxable income.

### **Tax-free withdrawals**

Withdrawals used to pay for qualified higher education expenses (including tuition, room and board, books and required supplies, a computer or peripheral equipment, computer software, or Internet access and related services) are not subject to federal income tax, and they're excluded from state income tax in nearly all states.<sup>1</sup>

The earnings portion of a non-qualified withdrawal is subject to federal income taxes, any applicable state and local income taxes, and an additional 10% federal tax.

### **Estate planning benefits**

Account contributions are considered completed gifts and, in general, will be excluded from your federal taxable estate.

### **Reduced gift tax**

While gifts over \$15,000 each year generally are subject to gift tax, contributions made to a 529 plan benefit from a special gift tax provision. You may contribute up to \$75,000 (\$150,000 per couple) per beneficiary in a single year.<sup>2</sup>



## Significant flexibility

### **Account owner control**

Unlike certain other types of college savings vehicles, Scholars Choice allows you to maintain ownership and control over your account. The beneficiary of the account cannot make a withdrawal without your consent.

### **A plan for anyone**

One of the many benefits of the Scholars Choice 529 plan is its versatility. Any U.S. resident — parents, grandparents, relatives, even friends of the family — can open accounts for the benefit of anyone. You can even open an account for yourself, and change the beneficiary at any time to another qualified family member.

<sup>1</sup> Please see Program Disclosure Statement for more complete information and consult with your Tax or Financial Advisor.

<sup>2</sup> Contributions to an account for a beneficiary between \$15,000 and \$75,000 made in one year can be prorated over a five-year period without incurring federal gift taxes or reducing an investor's unified estate and lifetime gift tax credit. If the account owner dies before the end of the five-year period, a prorated portion of the contribution amount will be included in his or her taxable estate.

## Everyone saves a little differently. That's why we have choices.

Our investment choices<sup>3</sup> vary based on investment approach and degree of risk, so you can choose what feels most comfortable.

### Automatic Allocations

#### Age-Based

- Investments are determined based on your child's age.
- Asset allocations<sup>4</sup> are adjusted according to a predetermined schedule, gradually shifting from more aggressive in early years to more conservative as your child gets older.

#### Years to Enrollment

- Investments are determined based on the number of years to the beneficiary's enrollment date.
- Asset allocations are adjusted according to a predetermined schedule, gradually shifting from more aggressive to more conservative as college enrollment nears.

### Static Multi-Fund Allocations

With Static Multi-Fund Allocations, you determine your investment strategy. Your account's asset allocation will stay the same as long as you remain invested, unless you change the portfolio you have selected.

Your portfolio choices range from an aggressive, all-equity allocation to a more conservative money market allocation.

### Individual Fund Portfolios

Want to build your own portfolio — or complement another strategy by emphasizing a particular asset class? Consider our Individual Fund portfolios, each of which invests 100% of its assets in a single underlying fund.<sup>5</sup>



Remember, the most important step to take in saving for college is just to get started.

Visit [www.scholars-choice.com](http://www.scholars-choice.com) or talk to your financial advisor today.

<sup>3</sup>Investment options and portfolios in addition to those referenced in this brochure may be available under the Program. Please refer to the Program Disclosure Statement for more information.

<sup>4</sup>Asset allocation does not assure a profit or protect against market loss.

<sup>5</sup>Note: An Individual Fund portfolio's underlying fund is subject to change.

# Scholars Choice College Savings Program: Explore your options<sup>6</sup>

Asset Class	AUTOMATIC ALLOCATIONS	MULTI-FUND OPTIONS										INDIVIDUAL FUND OPTIONS										
		AGE-BASED		0-3		4-6		7-9		10-12		13-15		16-18		19 and Up		U.S. Aggressive Equity	U.S. Core Equity	U.S. Small Cap Equity	International Equity	Global Fixed Income
		YEARS TO ENROLLMENT		10-12 Years		7-9 Years		4-6 Years		1-3 Years		Less Than 1 Year		All Equity	Equity 80%	Balanced 50/50	Fixed Income 80%					
Allocation by Asset Class	EQUITY		FIXED INCOME		MONEY MARKET		Pie charts showing asset class allocations for each fund option.															
Asset Class	Underlying Mutual Funds (Symbol)/Fund Manager	Current Fund Target Allocations <sup>7</sup>																				
Equity	<b>QS U.S. Large Cap Equity Fund (LMISX)</b> QS Investors, LLC	23.33%	18.67%	16.32%	11.23%	7.15%	6.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
	<b>BrandywineGLOBAL - Diversified US Large Cap Value Fund (LBISX)<sup>8</sup></b> Brandywine Global Investment Management, LLC	22.08	17.42	14.83	12.25	9.80	9.97	6.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	<b>ClearBridge Appreciation Fund (LMESX)</b> ClearBridge Investments, LLC	11.74	7.25	3.96	3.31	4.59	6.52	6.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00		
	<b>ClearBridge Aggressive Growth Fund (LSIFX)</b> ClearBridge Investments, LLC	10.35	10.17	10.89	11.71	9.72	8.11	6.67	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00		
	<b>ClearBridge Small Cap Fund (LISGX)<sup>9</sup></b> ClearBridge Investments, LLC	7.00	5.60	4.90	4.20	3.50	1.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00		
	<b>ClearBridge Small Cap Growth Fund (LMOIX)</b> ClearBridge Investments, LLC	3.00	2.40	2.10	1.80	1.50	0.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	<b>QS Global Dividend Fund (LDIFX)<sup>10</sup></b> QS Investors, LLC	5.00	5.00	6.00	7.00	7.50	5.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	<b>Thornburg International Value Fund (TGVAX)</b> Thornburg Investment Management, Inc.	8.75	6.75	5.50	4.25	3.13	0.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00		
<b>Templeton Foreign Fund (TEMFx)</b> Templeton Global Advisors Limited	8.75	6.75	5.50	4.25	3.13	0.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Fixed Income	<b>Western Asset Global High Yield Bond Fund (LWGSX)</b> Western Asset Management Company	0.00	2.50	2.50	2.50	2.50	2.50	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
	<b>Western Asset Core Plus Bond Fund (WAPsx)</b> Western Asset Management Company	0.00	17.50	27.50	37.50	32.50	22.50	15.00	0.00	80.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
	<b>Western Asset Short-Term Bond Fund (LWSTX)</b> Western Asset Management Company	0.00	0.00	0.00	0.00	10.00	15.00	25.00	30.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
	<b>Western Asset Inflation Indexed Plus Bond Fund (WAFsx)</b> Western Asset Management Company	0.00	0.00	0.00	0.00	5.00	10.00	15.00	20.00	15.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
	<b>BrandywineGLOBAL - Global Opportunities Bond Fund (GOBSX)<sup>11</sup></b> Brandywine Global Investment Management, LLC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00			
<b>Money Market</b>	<b>Western Asset Institutional Government Reserves (INGXX)<sup>12</sup></b> Western Asset Management Company	0.00	0.00	0.00	0.00	0.00	10.00	25.00	50.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
<b>TOTAL</b>		<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>			

**All investments involve risk, including loss of principal.**

<sup>6</sup> More detailed information concerning the Investment Options' asset allocation can be found in the Plan Disclosure Statement at [www.scholars-choice.com/PDS](http://www.scholars-choice.com/PDS).

<sup>7</sup> The manager may deviate from the target fund allocations, within prescribed ranges (up to +/-5%) set forth in the plan's Investment Policy Statement, in order to seek to meet a portfolio's investment goal and comply with portfolio investment limitations and restrictions. Target Fund Allocation percentages may not total to 100% due to rounding of numbers.

<sup>8</sup> Prior to December 29, 2017, this Fund was known as Legg Mason BW Diversified Large Cap Value Fund.

<sup>9</sup> The ClearBridge Small Cap Fund (LISGX) was added as a new underlying fund, effective October 18, 2017.

<sup>10</sup> The QS Global Dividend Fund (LDIFX) was added as a new underlying fund, effective April 1, 2017.

<sup>11</sup> Prior to December 29, 2017, this Fund was known as Legg Mason BW Global Opportunities Bond Fund.

<sup>12</sup> The Western Asset Institutional Government Reserves underlying money market fund replaced the Western Asset Institutional Liquid Reserves money market fund effective September 30, 2016. No offer is made hereunder or pursuant to the Program of any of the above listed funds. An investor in the Program does not have a direct beneficial interest in these funds. Please refer to the Program Disclosure Statement for more information on the underlying investments shown here.

<sup>13</sup> **While the Cash Reserve Option will invest all of its assets in a money market mutual fund and will value its units based on the underlying money market fund share value, the Cash Reserve Portfolio itself is not a money market mutual fund. The Cash Reserve Option will not seek capital appreciation and may underperform other investment options. You could lose money by investing in this investment option. Although the money market fund in which your investment option invests (the "underlying fund") seeks to preserve its value at \$1.00 per share, the underlying fund cannot guarantee it will do so. An investment in this investment option is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The underlying fund's sponsor has no legal obligation to provide financial support to the underlying fund, and you should not expect that the sponsor will provide financial support to the underlying fund at any time.**

***An investor should consider the Program's investment objectives, risks, charges and expenses before investing. The Program Disclosure Statement at [scholars-choice.com/PDS](http://scholars-choice.com/PDS), which contains more information, should be read carefully before investing. If an investor and/or an investor's beneficiary are not Colorado taxpayers, they should consider before investing whether their home states offer 529 plans that provide state tax and other benefits such as financial aid, scholarship funds, and protection from creditors that are only available to state taxpayers investing in such plans.***

Investments in the Scholars Choice College Savings Program 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 Colorado, CollegenInvest, QS Investors, LLC, Legg Mason Investor Services, LLC, or Legg Mason, Inc., or its affiliates and are subject to risks, including loss of principal amount invested.

Legg Mason, Inc., 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 advisor.

Scholars Choice is a registered service mark of CollegenInvest. CollegenInvest and the CollegenInvest logo are registered trademarks. Administered and issued by CollegenInvest, State of Colorado. QS Investors, LLC is the Investment Manager and Legg Mason Investor Services, LLC is the primary distributor of interests in the Program; together they serve as Manager of the Program. QS Investors, LLC, ClearBridge Investments, LLC, Brandywine Global Investment Management, LLC, Western Asset Management Company, and Legg Mason Investor Services, LLC are Legg Mason, Inc. affiliates. Thornburg Investment Management, Inc. and Templeton Global Advisors Limited are not affiliated with Legg Mason, Inc.

State Administrator, Trustee & Issuer



Investment Manager



[www.scholars-choice.com](http://www.scholars-choice.com)

©2017 Legg Mason Investor Services, LLC. Member FINRA, SIPC.

Legg Mason Investor Services, LLC is a subsidiary of Legg Mason, Inc.

772231 SCH50NBP 12/17