Accelerated Gifting

ACCELERATED GIFTING TO A 529 PLAN: HELP BOOST COLLEGE FUNDING WHILE REDUCING YOUR TAX BURDEN

Accelerated gifting through the Scholars Choice® 529 Plan allows investors to make a single gift of up to $150,000 for couples filing jointly ($75,000 for individuals) per beneficiary — five times the annual gift tax exclusion — without any federal gift tax consequences.

Taking advantage of this unique tax provision can provide multiple benefits:

- Jump-start or quickly increase college savings for children or grandchildren
- Boost the potential investment earnings of college savings with the power of tax-free compounding
- Significantly reduce the size of one's taxable estate

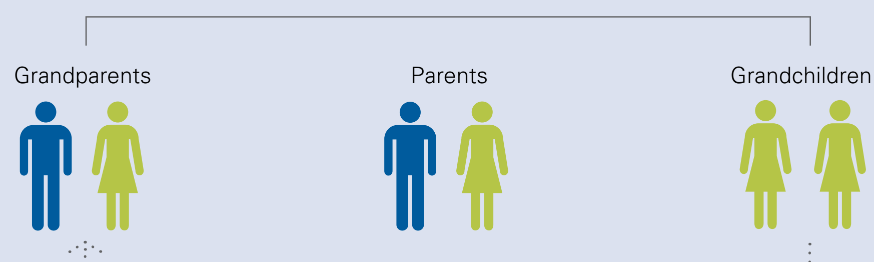
Increase contributions, not gift tax

Due to a special forward gifting provision, 529 account owners who are married and filing jointly can contribute $150,000 per beneficiary by making up to five years' worth of contributions in a single year, without owing gift tax on the contribution.[1]

Give an educational legacy without giving up control

Grandparents can face unforeseen expenses — such as high medical bills or declines in retirement savings balances — that may require emergency cash. The account owner control benefit of 529 plans allows grandparents to meet these unexpected challenges. 529 plan account owners can liquidate the account — fully or partially — for any reason, at any time.[2]

And because the account owner always retains control of 529 plan assets, the beneficiary can be changed at any time — if, for example, the grandchild receives a scholarship or does not attend college.



Source: IRS Form 709 Instructions.

[1] Contributions to an account for a beneficiary between $15,000 and $75,000 ($30,000 and $150,000 for a married couple filing jointly) made in a single calendar 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. However, if the account owner dies before the fifth year, a prorated portion of the contribution will be included in his or her taxable estate.

[2] As a non-qualified withdrawal, the earnings portion would be subject to ordinary income tax plus an additional 10% penalty.

Why Scholars Choice?

Multi-manager – Offers a wide variety of investment options, tapping into the proven expertise of the proprietary specialist investment managers — plus non-proprietary manager Thornburg Investment Management.

Actively managed – Allocated to actively managed underlying funds exclusively.

Low fees – The second-lowest asset-based fees among all actively managed advisor-sold plans.[3]

The Scholars Choice 529 Plan is available nationwide through your financial professional.

Learn more:
www.scholars-choice.com

[3] Source: Strategic Insight, "529 College Savings Quarterly Data Update – Second Quarter 2020."

An investor should consider the Program's investment objectives, risks, charges and expenses before investing. The Program Disclosure Statement and Participation Agreement (www.scholars-choice.com/pds) contains more information and 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.

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