Estate Planning

WEALTH TRANSFER WITH A 529 PLAN: GIVE THE GIFT OF EDUCATION WHILE REDUCING THE VALUE OF A TAXABLE ESTATE

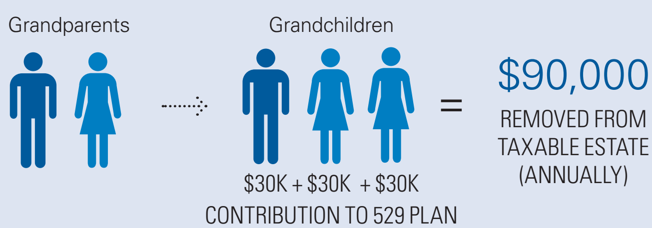
You can help fund the education of your family members and receive powerful wealth transfer benefits with the Scholars Choice® 529 plan. Contributions to a 529 plan are considered completed gifts that remove assets from a taxable estate. Yet the Account Owner retains full control and can change the Beneficiary — or Account Owner — at any time. And using a 529 plan can complement the other wealth transfer techniques you may already be using.

A 529 plan can help:

- Make college education a reality for your loved ones through a tax-advantaged savings vehicle
- Significantly reduce the size of your taxable estate to minimize the estate tax burden your heirs will face
- Pass on your belief in the value of education while building a multigenerational legacy

Start a legacy; save on taxes

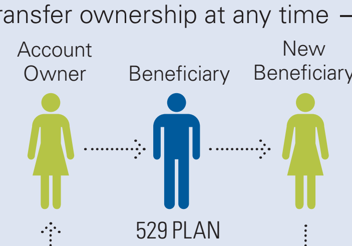
Account Owners who are married and filing jointly can contribute up to the federal gift tax limit of $30,000 per year to any number of 529 plan accounts for any number of Beneficiaries. There are no income limits. This offers grandparents a way to rapidly move money out of their taxable estate while helping their children bridge the college affordability gap.

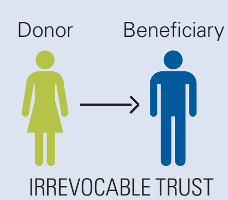


What's more, a couple can gift up to $150,000 in a single year to a single Beneficiary by using the forward gifting provision.[1]

More flexibility and control than a trust

Using a typical trust to reduce the size of an estate can be complex, costly and restrictive. And, the investments in the trust are taxed at the highest rate. But Account Owners retain control over 529 plans even though the assets are removed from their estate. For instance, grandparents can change the plan Beneficiary, they can transfer unused assets from one grandchild's plan into another, or even use plan assets themselves. Most trusts are irrevocable, leaving you with few options if you face an unexpected need for the assets. Account holders may close a 529 plan or withdraw funds at any time for any reason.[2] And, when you're ready, you can transfer ownership at any time — without tax implications.





Source: IRS Form 709 Instructions.

[1] Contributions to an account for a Beneficiary between $15,000 and $75,000 ($30,000 to $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? The 529 plan with the Legg Mason difference.

Experience: Among the country's 10 largest advisor-sold plans,[3] we were also one of the first established.

Low fees: Scholars Choice has very competitive asset-based fees among all active, advisor-sold plans.[4]

Active, multi-manager approach: Scholars Choice offers a wide variety of investment options, tapping into the proven expertise of Legg Mason's independent investment managers — plus non-proprietary managers Franklin Templeton Investments and Thornburg Investment Management.

The Scholars Choice 529 plan is available nationwide through your advisor.

Learn more: www.scholars-choice.com

[3] Source: Strategic Insight "529 College Savings Quarterly Data Update – Fourth Quarter 2018."

[4] Source: Strategic Insight "529 College Savings Quarterly Fee Analysis – Fourth Quarter 2018."

An investor should consider the Program's investment objectives, risks, charges and expenses before investing. The Program Disclosure Statement at 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.

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