



CollegeAdvantage[®] *Why Ohio's 529 Plan Matters to your clients*
 A 529 Savings Plan Ben Gibbons, Marketing Supervisor & Legislative Liaison
 Financial Planners Association of Central Ohio
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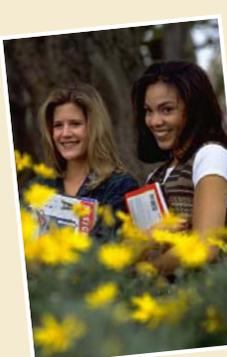
Ohio Tuition Trust Authority

Every dream takes a plan.....

Why save for college	About 529 plans	Ohio's 529 plans	Getting started	Going to college in Ohio
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- **College is an Investment**
 - According to a 2007 College Board Study, *Education Pays*, people with a bachelor's degree earn over 60% more than those with only a high school diploma. Over a lifetime, the gap in earning potential = \$800,000+.
- **College is More Affordable Than You Think**
 - About 50% of full-time students at four-year schools pay less than \$8,679 for tuition and fees.
 - The "**net price**" – the average price undergraduates pay for a college education – is significantly lower than the price indicated by the published tuition and fees.

Cost and aid figures are from the College Board's *Trends in College Pricing 2009*, *Trends in Student Aid 2009*, and *Education Pays 2007*.



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- Save for the Expected Family Contribution (EFC)**
 - EFC is how much money you are expected to contribute to your child's college education for one year.
 - Financial aid is intended to make up the difference between what your family can afford to pay and what college costs.
 - Most financial aid comes in the form of loans, which is aid that must be repaid.
- Save to reduce debt**
 - Average debt levels for graduating seniors with student loans rose to \$23,200 in 2008 — a 24% increase from \$18,650 in 2004.



Based on data from the Project on Student Debt, a nonprofit focused on research and policy work.



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Source: The College Board, Annual Survey of Colleges.

Average Estimated Undergraduate Budgets, 2009-10 (Enrollment-Weighted)

- Other Expenses
- Transportation
- Books and Supplies
- Room and Board
- Tuition and Fees



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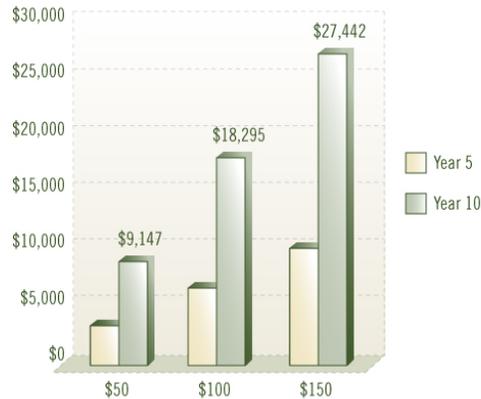


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Saving even a little at a time can help you be prepared for rising college costs.

- \$50 per month = \$9,147 in 10 years
- \$100 per month = \$18,295 in ten years
- \$150 per month = \$27,442 in 10 years

Monthly contributions of \$50, \$100 and \$150 for 10 years with a return of 8% compounded monthly.



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529 Basics

- Tax-advantaged investment plans sponsored by states.
- Named after Section 529 of the Internal Revenue Code.
- Withdrawals from 529 plans for qualified education expenses will remain free from federal income tax – and state taxes in most cases.

Each state is different

- Each state that offers a 529 plan determines how its plan is structured.
- Most plans allow investors from out of state – always check with your home state first for special incentives.

Types of 529 Plans

- There are two types of 529 plans:
 - prepaid tuition
 - savings
- Prepaid tuition plans are offered in 13 states and allow for the pre-purchase of tuition and then paid out at the future cost when the beneficiary is in college.
- Savings plans are based upon the market performance of the underlying investments, which typically consist of mutual funds.





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Ohio's 529 plan – your best choice to save for a child's education.

- Offered by the Ohio Tuition Trust Authority, a state agency.
- A tax-free way to save for your child or grandchild's college education.
- An easy, affordable and flexible way to help you reach your college savings goals.



Benefits of Ohio's 529 Plan

- Earnings are tax-free if used for college.
- Contributions are deductible from Ohio taxable income.
- Start an account for as little as \$25.
- Use funds at any college in Ohio or across the country.
- Use funds to pay for tuition, room/board, books.
- Benefit from professional money management by leading financial firms.
- Flexibility to manage your account and make changes as needed – account owner controls the account.



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Great tax advantages with CollegeAdvantage

- **Tax free for college**
 - Pay no taxes as your fund grows.
 - Withdrawals used for qualified higher education expenses are exempt from federal and state of Ohio income tax.
 - Earnings on withdrawals not used for qualified higher education expenses may be subject to federal income tax and a 10% federal tax penalty.
- **\$2,000 deduction from Ohio taxable income**
 - CollegeAdvantage is the ONLY 529 plan that allows you to deduct your contributions from Ohio taxable income.
 - Deduct up to \$2,000 per contributor (or married couple), per beneficiary, per year.
 - Unlimited carry forward for contributions over \$2,000 for a beneficiary in a year.

If you are not an Ohio taxpayer, before you invest, consider whether your home state offers a 529 plan that provides its taxpayers with state tax and other benefits not available through this plan.



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2 Ways to Save with CollegeAdvantage

- **Direct Plan**
 - For those comfortable selecting and managing their own investments.
 - Offers a wide range of quality, low fee investment options.
 - The Vanguard Group
 - Fifth Third Bank
 - PIMCO
 - Oppenheimer Funds
 - GE Asset Management.
- **Advisor Plan**
 - If you have a financial advisor, or are interested in working with one.
 - Custom build a college plan.
 - Advice, service, support.
 - Exclusive relationship with BlackRock, offering BlackRock CollegeAdvantage
 - Distinct investment options and managers.



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Ohio's 529 Advisor Plans

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BlackRock CollegeAdvantage

- Offering 15 investment options from BlackRock and iShares as well as other leading fund managers, including:
 - Wells Fargo
 - Rainer Funds
 - ING Funds
- Including equity, balanced and fixed income options and a money market option.
- Three age-based options
 - Conservative, Moderate and Aggressive
- www.blackrock.com/collegeadvantage



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Ohio's 529 Direct Plan

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CollegeAdvantage Direct

- Enroll through the Ohio Tuition Trust Authority
 - Online or paper application – www.collegeadvantage.com
- Lower fees
 - No loads, no annual account fee and low annual asset-based fees
- Professional money management
 - The Vanguard Group
 - Passively managed index funds as well as some actively managed funds
 - Fifth Third Bank
 - FDIC-insured bank options
 - CDs and savings accounts
 - PIMCO
 - Fixed income options
 - OppenheimerFunds and GE Asset Management
 - Actively managed equity options
 - Putnam Investments
 - Stable value option for Ohio residents only



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Ohio's Direct plan is highly rated

- Morningstar rates Ohio's direct plan as a top five 529 plan! (October 2010)

For the second year in a row, Ohio's 529 plan was rated among the top five in the nation by Morningstar, a leading provider of independent investment research. The report praises Ohio's low fees and diverse, quality investment options.

- Savingforcollege.com gives Ohio direct plan a five-cap rating!



Savingforcollege.com assigns a rating to each state-sponsored program ranging from one cap (least attractive) to five caps (most attractive). The 5-Cap Rating represents their opinion of the overall usefulness of a state's 529 plan based on many considerations.



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Ohio's 529 Direct Plan

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Choice of low-fee, quality investment options

- **Age-Based**
 - Ready-made college savings portfolios
 - Asset allocation is done for you
 - Automatically changes to more conservative investments as your child ages
- **Capital Preservation**
 - May appeal to risk-adverse savers
 - Protect principal
 - Diversify portfolio
- **Fixed Income (100% bond options)**
 - Reduce risk
 - Diversify portfolio
- **Balanced (mix of stocks and bonds)**
 - Ready-made college savings portfolios
 - Asset allocation is done for you and remains the same
- **Equities (100% stocks)**
 - Higher risk with potentially higher return

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Ohio's 529 Direct Plan – age-based options

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Asset Allocation of Vanguard Age-Based Options

Age of Beneficiary	Vanguard Conservative Age-Based Option	Vanguard Moderate Age-Based Option	Vanguard Aggressive Age-Based Option
5 or younger	Vanguard Moderate Growth Index Portfolio 40% U.S. Stocks, 10% International Stocks, 50% Bonds	Vanguard Growth Index Portfolio 60% U.S. Stocks, 15% International Stocks, 25% Bonds	Vanguard Aggressive Growth Index Portfolio 80% U.S. Stocks, 10% International Stocks, 10% Bonds
6 through 10	Vanguard Conservative Growth Index Portfolio 20% U.S. Stocks, 5% International Stocks, 75% Bonds	Vanguard Moderate Growth Index Portfolio 40% U.S. Stocks, 10% International Stocks, 50% Bonds	Vanguard Growth Index Portfolio 60% U.S. Stocks, 15% International Stocks, 25% Bonds
11 through 15	Vanguard Income Portfolio 75% Bonds, 25% Short-Term Investments	Vanguard Conservative Growth Index Portfolio 20% U.S. Stocks, 5% International Stocks, 75% Bonds	Vanguard Moderate Growth Index Portfolio 40% U.S. Stocks, 10% International Stocks, 50% Bonds
16 through 18	Vanguard Income Portfolio 75% Bonds, 25% Short-Term Investments	Vanguard Income Portfolio 75% Bonds, 25% Short-Term Investments	Vanguard Conservative Growth Index Portfolio 20% U.S. Stocks, 5% International Stocks, 75% Bonds
19 or older	Vanguard Prime Money Market Option 100% Bonds	Vanguard Income Portfolio 75% Bonds, 25% Short-Term Investments	Vanguard Income Portfolio 75% Bonds, 25% Short-Term Investments

Three Vanguard Age-Based Options

- Conservative, Moderate and Aggressive allocation choices
- Asset allocation shifts when child turns ages:
 - 6
 - 11
 - 16
 - 19

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Ohio's 529 Direct Plan – age-based options

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Target Asset Allocation of The Advantage Age-Based Option

Age of Beneficiary	Asset Allocation Targets of Underlying Portfolios
5 or younger	<ul style="list-style-type: none"> 70% U.S. Equity Portfolio 20% International Equity Portfolio 10% Diversified Fixed-Income Portfolio
6 through 9	<ul style="list-style-type: none"> 65% U.S. Equity Portfolio 20% International Equity Portfolio 15% Diversified Fixed-Income Portfolio
10 through 12	<ul style="list-style-type: none"> 55% U.S. Equity Portfolio 20% International Equity Portfolio 25% Diversified Fixed-Income Portfolio
13 through 16	<ul style="list-style-type: none"> 30% U.S. Equity Portfolio 15% International Equity Portfolio 55% Diversified Fixed-Income Portfolio
17 or older	<ul style="list-style-type: none"> 10% U.S. Equity Portfolio 5% International Equity Portfolio 85% Diversified Fixed-Income Portfolio



■ U.S. Stocks ■ International Stocks
■ Bonds ■ Short-Term Investments

Advantage Age-Based Option

- Invests in four distinct asset class portfolios made up of existing CollegeAdvantage equity and fixed-income options.
- Combines actively managed and passively managed investment options to reduce fees and relative risk.
- Funds are managed by leading financial institutions such as Vanguard, PIMCO, OppenheimerFunds and GE Asset Management.
- Asset allocation shifts when child turns ages: 6, 10, 13, 17

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Ohio's 529 Direct Plan – capital preservation options

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Capital Preservation Options

- Lower risk
 - Seek to preserve principal
1. Fifth Third 529 Savings Account
 2. Fifth Third 529 Certificate of Deposit
 3. Vanguard Prime Money Market Option



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Ohio's 529 Direct Plan –
bank options

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Fifth Third Bank
529 Savings Account

- FDIC insured
- Premium market rates
- Guaranteed rates of return
- No fees

Fifth Third Bank
529 Certificate of Deposit

- FDIC insured
- Premium market rates
- Guaranteed rates of return
- Range of maturities
 - 3 months to 12 years
- Funds automatically transfer to a 529 Savings Account at maturity
- \$500 minimum to open CD
- No fees



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Ohio's 529 Direct Plan –
fixed income options

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Fixed Income Options

- These options may appeal to investors seeking to diversify and to those seeking to reduce to risk.
 1. Vanguard Inflation-Protected Bond Option
 2. Vanguard Income Portfolio
 3. PIMCO Total Return Option
 4. PIMCO High Yield



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Ohio 529 Direct Plan – balanced options

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Balanced options

- invest in a predetermined mix of stocks and bonds. The asset allocation remains the same.
1. Vanguard Conservative Growth Index Portfolio
 2. Vanguard Moderate Growth Index Portfolio
 3. Vanguard Wellington Option
 4. Vanguard Growth Index Portfolio



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Ohio 529 Direct Plan – equity options

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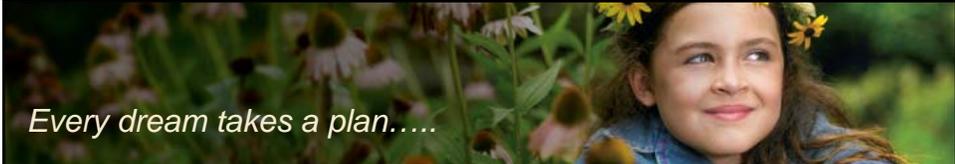
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Equity options

- CollegeAdvantage offers a diverse choice of equity options from various segments of the stock market
 - Small, midsize and large companies
 - Growth and value
 - Domestic and international
1. Vanguard Aggressive Growth Portfolio
 2. Vanguard 500 Index Option
 3. Vanguard Windsor II Option
 4. Vanguard Extended Market Index Option
 5. Oppenheimer Main Street Small Cap Option
 6. Vanguard Developed Markets International Stock Index Option
 7. GE Institutional International Equity Option



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How to Enroll:

1. Review CollegeAdvantage enrollment kit and offering statement
2. Select your investment options
 - Use the risk tolerance questionnaire as a guide
3. Complete the account application
 - One per beneficiary
 - Use application or enroll on line at www.collegeadvantage.com
 - Invest as little as \$25 to get started



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How to Contribute

- Payroll deduction
 - Complete payroll deduction application or submit online
 - Need employer ID number
- Electronic fund transfers (EFT) from bank account
 - Regular direct debit from bank account
 - Select the date or dates convenient for you
- Online at www.collegeadvantage.com
 - Sign up for online account access
 - Direct debit from bank account when convenient
- Contribution slips
 - Mail in check when convenient
 - Distribute to family and friends for gift giving



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How to manage your account

- Secure online account access at www.collegeadvantage.com
 - Review account balance
 - Performance
 - Contribute to account
 - Add payroll deduction or EFT
 - Add or change investment options
 - Change address
 - Make payment to college
- Welcome Kit sent upon enrollment
- Quarterly statements mailed with program newsletter



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Going to college in Ohio

- **The University System of Ohio**
 - 14 public universities with 24 regional branch campuses,
 - 23 community colleges,
 - an adult workforce education and training network – operating in more than 200 locations.
 - **Learn more at uso.edu**
- **Ohio Private colleges**
 - Ohio is the home of 85 private nonprofit institutions of higher education, with 74 offering bachelor's degrees or higher and 11 offering the associate degree as their highest award.
 - **Learn more at The Association of Independent Colleges and Universities of Ohio – aicuo.edu**



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Questions

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