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Scholars Choice
EDUCATION SAVINGS PLAN
BY COLLEGEINVEST®

Dear

Your employees have important financial goals — like ensuring they plan for a comfortable retirement. But for many, being able to pay for their children's education is an even more urgent short-term goal.

Unfortunately, the cost of education is constantly rising. The longer your employees wait to start saving for their loved one, the more it could cost them in the end. But the good news is, when employees start saving early in a 529 education savings plan, every dollar saved may be one less dollar they may need to borrow. That's because saving early and consistently now can greatly reduce the amount you need to borrow later. I can help with that. The cost of taking out loans to close the gap will be far more than it would be if they had started a 529 plan early.

I offer a turnkey employer-sponsored 529 plan that's simple — it costs you nothing and could provide significant benefits for you and your employees.

529 plans = a win-win for employees and your company

For your employees, 529 savings plans offer several benefits:

- **Convenient & affordable** — Contributions in any dollar amount can be easily made through payroll direct deposits.
- **Tax advantages** — tax-free withdrawals for qualified education expenses (including K-12 tuition, student loan repayment, and apprenticeship programs[1]), gifting and estate planning benefits. State tax treatment varies by state. 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% additional federal tax. Using 529 plans for elementary or secondary education tuition expenses may include recapture of tax deductions received from the original state as well as penalties.
- **Control** — the employee controls how the money is invested, as well as how and when the money is eventually used. They can change the beneficiary to another eligible family member at any time. And since the employee can be both the account owner and the beneficiary, they can even use the money for their own education.
- **Flexibility** — the monies can be used not only for tuition, but also for fees, books, required equipment (including special needs equipment), room and board, computer, software, or internet access and related services. And, while Colorado is the home state of the Scholars Choice Education Savings Plan®, the monies do not have to be used at a school in Colorado; in fact, many schools both inside and outside the U.S. qualify.

For account owners and contributors to an Account who are Colorado income taxpayers, contributions to an account generally are Colorado state tax deductible to the extent of their Colorado taxable income for the year, subject to recapture for certain non-qualified withdrawals or if there is a rollover to a non-Colorado Section 529 plan or ABLE account.

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For employers, 529 plans make sense, too.

When you add Scholars Choice Education Savings Plan to your benefits line up, you can offer your employees an easy, “stress-less” way to meet the high cost of education and make a difference for their families in the years to come. And in the process, we’ll make your business an even more attractive workplace – while potentially earning tax advantages for your company, too!

Would you like to know more about Scholars Choice? Let’s talk.

Sincerely,

Do you and your employees pay taxes in Colorado? Here’s some more good news:

Scholars Choice offers distinct advantages for Colorado taxpayers.

Scholars Choice is the only financial professional-sold 529 plan that allows joint filers to annually deduct up to $34,000 per tax filing/per beneficiary ($22,700 for single filers) in contributions from their Colorado taxpayer state income taxes.

Now, Colorado-based business owners can get tax benefits, too.

Not only can companies of any size offer a 529 plan via payroll direct deposit as an employee benefit, but 2019 tax legislation gives businesses a tax break when they contribute to their employees’ Colorado 529 plan accounts.

For every dollar an employer contributes to an employee’s Scholars Choice 529 account, the employer receives a 20% tax credit, up to a maximum of $500 per employee per year. So, an employer could contribute up to $2,500 per employee and receive a $500 Colorado state tax credit for each person.

1 All Scholars Choice account owners are urged to be extremely cautious and should consult with their tax advisors before using their Scholars Choice accounts to pay for any K–12 tuition expenses, apprenticeship programs or student loan repayment. Withdrawals for tuition expenses at a public, private or religious elementary, middle, or high school, registered apprenticeship programs, and student loans can be withdrawn free from federal taxes, however may be subject to state income tax. You should talk to a qualified advisor about how tax provisions affect your circumstances.

The Scholars Choice Education Savings Plan is offered by the State of Colorado. TIAA-CREF Tuition Financing, Inc. is the Plan Manager and Nuveen Securities, LLC is the Distributor.

There are various risks associated with an investment in the Scholars Choice Education Savings Plan; principal loss is possible. The Scholars Choice Education Savings Plan’s Investment Portfolios are subject to the risks of the underlying fund(s) in which they invest and other risks, as described in the Plan Description.

Before investing, carefully consider the investment objectives, risks, charges and expenses of the Scholars Choice Education Savings Plan, including whether the investor’s or Designated Beneficiary’s home state offers any state tax or other benefits that are only available for investment in such state’s qualified tuition program. Other state benefits may include financial aid, scholarship funds, and protection from creditors. For this and other information that should be read carefully, please request a Plan Description at 888-5-SCHOLAR (888-572-4652) or visit scholars-choice.com.

Participation in the Scholars Choice Education Savings Plan does not guarantee that the account’s assets will be adequate to cover future tuition or other higher education expenses, or that contributions and the investment return on contributions, if any, will be adequate to cover future tuition and other eligible education expenses or that a Designated Beneficiary will be admitted to or permitted to continue to attend any eligible educational institution. Contributions to an Account and the investment earnings, if any, are not guaranteed or insured.