

What is a 529 Program?

529s are Qualified Tuition Programs that offer you certain tax and estate planning benefits as you seek to build assets to cover college funding costs. 529s are perhaps the most compelling education funding vehicle available today. But remember, 529s are complicated vehicles, and you should consult with your financial advisor or tax advisor before deciding to invest in any Qualified Tuition Program. **Employees should contact the College Foundation of NC for details about the NC National College Savings Program www.cfnc.org or toll free 1-800-600-3453 from 8am-8pm Eastern Time Monday-Thursday and 8am-5pm Eastern Time on Friday.**

529s offer you:

Flexibility

- There are no income restrictions on who can set up a 529 plan.
- Accounts can be set up for anyone of any age.
- You can even set up an account for yourself if you have higher education plans for later life.

Tax Advantages

- Your 529 account grows free of Federal taxes, making a real difference over the life of your investment.
- You make withdrawals, free of Federal income taxes for qualified higher education expenses for students attending eligible institutions on at least a half-time basis. Withdrawals used for other purposes may be subject to income taxes and a 10% penalty tax.
- Gifts are not included in your taxable estate for Federal estate tax purposes. Couples can gift \$110,000 in one year for any Beneficiary - free of Federal gift taxes. To avoid the gift tax, you must treat the contribution as a series of five annual gifts and make no other gifts to the Beneficiary for five years. Talk to your financial advisor about other conditions that may apply.
- The features of Qualified Tuition Programs are complex and involve significant tax issues. Certain features, including the exclusion from income tax for qualified withdrawals, are scheduled to expire on December 31, 2010 unless legislation is extended or otherwise amended. You should consult your tax and/or financial advisor to determine if an investment in a 529 Plan is appropriate

Control

- You can change Beneficiaries, if necessary, within certain limits.
- You approve all withdrawals for qualified higher education expenses.
- You may withdraw funds at any time, for any reason, although a 10% penalty on earnings may apply, and earnings may become subject to ordinary income taxes at your effective tax rate, not the Beneficiary's.

Getting Started is Easy

After you have consulted with your financial advisor, simply complete the 529 Enrollment Agreement to begin saving for college free of Federal income tax. You can make contributions to your National College Savings Program account in a number of ways, including:

- Lump-sum contributions - as low as \$200 to start
- Monthly contributions automatically from your bank account*
- Payroll deductions (if available from your employer)

An offer of interest in the National College Savings Program may only be made by the Official Program Description for the Program. You should carefully review the current Program Description, which contains complete information, including information about fees, expenses, and risks, before making a decision to invest.

Transfers/Rollovers

You may roll over assets from other college savings vehicles to the National College Savings Program, including:

- Existing 529 plan accounts
- UGMA/UTMAs
- Education IRAs (now known as Coverdell Education Savings Accounts)
- US Savings Bonds
- Taxable savings and investment accounts

If you are transferring or rolling over assets, you will need to complete a Transfer/Rollover Form. There are important restrictions involved in transferring or rolling over assets and you may incur fees and taxes. Please consult your tax advisor and the program description for more information.