Ohio’s 529 Plan – CollegeAdvantage

THE SIMPLE FLEXIBLE WAY TO SAVE FOR WHATEVER EDUCATION COMES AFTER HIGH SCHOOL

Administered by the Ohio Tuition Trust Authority
An Office with the Ohio Department of Higher Education
ABOUT 529s

Created To Make College More Affordable

Named after Section 529 of the Internal Revenue Code. Allows states and qualified educational institutions to offer 529 plans.
Created To Make College More Affordable

Pick from any plan in the country

Each state determines the kind of plans it offers and how they are structured:
- Variable savings plans (mutual fund-based investments)
- Prepaid tuition plans (only a few states offer these)
One Of The Nation’s Top-Rated Plans

- 2 VARIABLE PLANS
  Ohio offers two plans; both are variable savings plans

- 7TH LARGEST
  Ohio is the seventh largest state sponsor of 529 plans in the country

- ODHE
  OTTA is a state agency under the Ohio Department of Higher Education

- 11-MEMBER BOARD
  Investments overseen by an 11-member board

- OTTA
  Administered by the Ohio Tuition Trust Authority

- PROFESSIONAL
  Professional investment management by leading financial firms
It’s clear, a college degree pays off

High School Graduate: $42,500* per year
Bachelor’s Degree Or More: $76,700* per year

Save $50,000
Borrow $50,000
Available Towards Higher Education $150,350**
Available Towards Higher Education $50,000
Repay $0
Repay $80,000***

It’s far cheaper to save now than pay off loans later

Higher Education Isn’t Just a Great Idea, It’s A Smart Financial Move

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** Assumes 17 years to save, average annual costs of $23,420 for an in-state, public, 4-year institution, full-time student, 5% tuition inflation, and a 6% hypothetical investment return on your 529 plan. Data is approximate and rounded. This savings example would provide nearly 84% of the future costs of college. Hypothetical earnings. Your actual earnings will depend on the investments selected and actual performance. Earnings are not guaranteed. Estimated using the College Savings Planner tool at CollegeAdvantage.com.

*** Assumes $50,000 borrowed to fund a portion of the total cost of college expenses, 2.75% interest (current 2020-2021 Undergraduate Federal Stafford rate), 4 years in college, and a 15-year repayment period. Data is approximate and rounded. Estimated using the “Loan Calculator” at FinAid.org.
529s Are Tax-Free

TAX-FREE
Plans grow tax free!

TAX-FREE
Funds are tax free when used for higher education!

TAX-FREE
Withdrawals are tax free!
Compounding Power Of Tax-Free Growth

Time is a saver's best friend… Save small amounts over time to reach your goal

Assumptions: approximately $2,500 per year for 18 years, 6% annual earnings, 12% federal tax rate, and 6% state tax rate. Data is estimate and rounded. Estimated using the Tax Benefit Tool at CollegeAdvantage.com
BENEFITS OF 529: TAXES, TAXES, AND TAXES.

Tax-Free Withdrawals For Qualified Expenses

2018: Up to $10,000 for private K-12 education
2019: Up to $10,000 for student loan repayment
Also added a clause for apprenticeships

Please read the Offering Statement for additional details about qualified higher education expenses
K-12 Tuition
Up to $10,000 for private or religious schools

Benefits of 529
More Ways To Use 529s

Student Loan Repayment
Maximum of up to $10,000
State Of Ohio Tax Deduction

$4000 tax deduction per beneficiary per year
Unlimited carryforward
Deduction is for any state of Ohio resident
BENEFITS OF 529

Save In Ohio’s 529 Plan
Go To College In Any State

Use the funds in-state or out-of-state

- 4-year Colleges & Universities
- 2-year Community Colleges
- Technical Schools
- Trade Schools
- Certificate Programs
- Apprenticeships
- Graduate Schools
WHICH OF OUR 2 PLANS IS BEST FOR YOU?

CollegeAdvantage Direct 529

- No enrollment fee or annual account maintenance fee
- Diverse options for every kind of saver
- Open an account for as little as $25 ($500 for Fifth Third 529 CDs)
- FDIC banking products through Fifth Third Bank
- Stocks & bonds from leading mutual fund managers like Vanguard
WHICH OF OUR 2 PLANS IS BEST FOR YOU?

BlackRock
CollegeAdvantage
Advisor 529

- Accounts opened through a professional financial advisor
- Open an account for as little as $25
- No annual account maintenance fee for Ohio account owners
- Offered and managed by the world’s largest investment firm, BlackRock
529s & Effect On Financial Aid

No effect on scholarships
Minimal effect on financial aid
529s & Eligibility For Federal Financial Aid

Federal and school-funded financial aid calculations are complicated

If anyone other than a parent owns the account – *significant effect* – consult a legal, financial, or tax advisor

Most aid comes in the form of loans (not grants), which must be paid back
What If My Child Gets a Scholarship Or Grant?

Even with a 529, your child can still apply for most scholarships and grants.

- Most financial aid packages don't cover 100% of all expenses.
- Use your 529 funds to make up the difference.
- Funds equal to a scholarship can be withdrawn without the 10% federal tax penalty (the earnings portion will be taxed as income).
- Attendance at a U.S. military academy is treated the same as a scholarship.
What If My Child Doesn’t Attend College?

- Leave the funds for later use
- Transfer all or part of the funds to another family member
- Withdraw the money (10% federal tax penalty only on the earnings will be due)
What About Other Ways To Save?

- Traditional bank accounts
- Traditional investment accounts
- Gifting the money to your child (UTMA)
- Borrowing from retirement account
THE GIFT OF HIGHER EDUCATION

What About Gifting?

Contribute to an existing account online

Open a 529 for someone else

Send gift announcements with your 529 gift
ABOUT 529s

How To Start Your Plan

$25 is all it takes to start or add to Ohio’s 529 Plan, CollegeAdvantage. Save up to $16,000 annually per child before gift taxes apply. Use the tools at CollegeAdvantage.com/calculators-and-tools
ENTRUSTED WITH OVER 750,000 FUTURES

Ready To Start?

Enroll online or download your CollegeAdvantage kit today!
Visit CollegeAdvantage.com or call 1-800-AFFORD-IT (233-6734)
NEW!

READYSAVE 529 Mobile App

Developed in conjunction with our recordkeeping partner, Ascensus

Access & make contributions to your CollegeAdvantage Direct 529 account from your cell phone any time
Resources List
FOR 529S & COLLEGE PLANNING

01 | OHIO'S 529 PLAN
COLLEGEADVANTAGE
CollegeAdvantage.com
1-800-AFFORD-IT (233-6734)

02 | LEARN ABOUT &
COMPARE 529 PLANS
CollegeSavings.org
SavingForCollege.com

03 | COLLEGE PLANNING &
CAREER RESEARCH
OhioHigherEd.org
OhioMeansJobs.com

04 | FEDERAL STUDENT AID,
FAFSA & MORE
StudentAid.gov
Fafsa.gov

05 | OTHERS WHO CAN
ASSIST
Middle- & high-school counselors
College financial aid officers &
admissions representatives

06 | TAXES, ESTATE &
FINANCIAL PLANNING
Consult your tax accountant,
financial planner, or legal counsel
Thank You!

Learn more & enroll at CollegeAdvantage.com
1-800-AFFORD-IT (233-6734)