

# THE FUTURE SCHOLAR 529 PLAN BECAUSE YOU CAN HELP MAKE THEIR DREAMS COME TRUE







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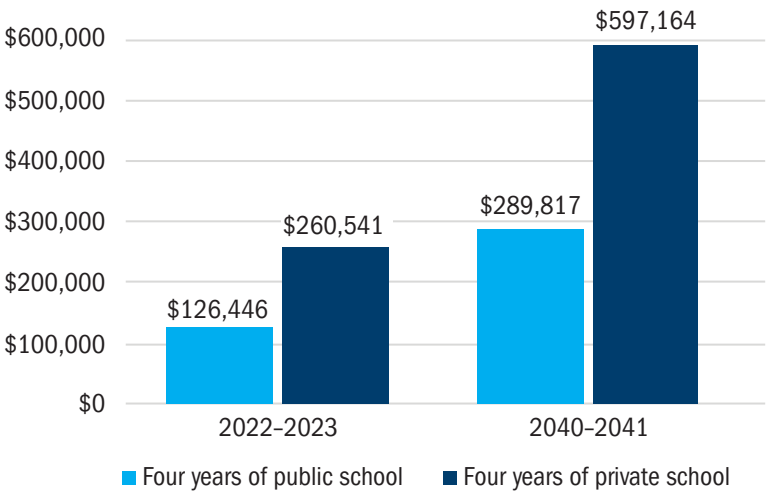
# WELCOME TO THE FUTURE SCHOLAR 529 PLAN

## Financing a dream

When it comes to planning for a child’s education, you have to be smart. Because it can cost a lot to finance a dream.

With college costs continuing to rise, now may be the best time to consider the Future Scholar 529 Plan (Future Scholar). As a qualified tuition savings plan under Section 529 of the Internal Revenue Code, Future Scholar provides a smarter way to plan for a child’s education. The plan offers **tax-advantaged savings, flexibility, control and professional investment management**. Read on to learn why opening a Future Scholar account may be your first step toward reaching your education savings goal.

Rising cost of education



All costs represent four years of enrollment, beginning in the specified year. Costs for a student matriculating in 2022-2023 represent tuition, room, board, books and supplies, transportation and other costs of the 2022-2023 school year for four-year public (in-state) and private universities. The projected costs assume current cost plus a 5% inflation rate and that the student will matriculate in 18 years. Data is sourced from [nces.ed.gov](https://nces.ed.gov).



# WHAT CAN A 529 PLAN PAY FOR?

## QUALIFIED EXPENSES

Distributions from your 529 plan can be used to cover qualified education expenses at an eligible education institution.

### Types of eligible institutions

- In-state and out-of-state colleges
- Public and private schools
- Vocational schools
- Technical and trade schools
- Certain international educational institutions
- Any public, private or religious elementary or secondary school (K–12)
- Registered apprenticeship program\*
- Repayment of principal/interest on any qualified education loan up to a \$10,000 lifetime limit for the designated beneficiary and/or sibling of the beneficiary

### Qualified expenses

#### Kindergarten through 12th grade

- Tuition up to \$10,000 per year per student\*\*

#### Postsecondary

- Tuition and fees
- Books, supplies and equipment required for enrollment or attendance
- Room and board: On- or off-campus for students who are at least half-time
- Computer, peripheral equipment, software and internet access if used primarily by the beneficiary
- Special needs services as required by beneficiaries in connection with enrollment or attendance
- Fees, books, supplies and equipment required for participation in a registered apprenticeship program\*

\* Registered and certified with the Department of Labor.

\*\* Withdrawals from 529 plans for elementary or secondary education tuition expenses are federally tax-free based upon recent federal tax legislation. State tax consequences will vary depending on state law and may include recapture of any tax deductions received from the original state, imposition of income tax and penalties. Investors should consult with a tax or legal advisor in this regard.



# 529 PLAN ADVANTAGES

## SIGNIFICANT SAVINGS

529 plans are designed to make investing for college easier by providing tax advantages not offered by all other education savings vehicles. All of your earnings grow exempt from federal income taxes, so they have the potential to accumulate faster than they would in comparable taxable investments.

What's the difference between investing in a taxable account and a 529 account over 18 years?\*

TAXABLE ACCOUNT  
= **\$163,800**

529 ACCOUNT  
= **\$202,231**



You may save more than  
**\$38,000** by investing  
in a 529 plan

\*Source: Columbia Threadneedle Investments as of 02/28/23.

This chart compares the difference between \$5,000 invested in a taxable account and a federal tax-exempt account, each with subsequent investments of \$5,000 per year over an 18-year time frame. This illustration demonstrates the value of the potential tax-exempt earnings in a 529 education savings plan such as Future Scholar when plan distributions are used for qualified education expenses such as tuition, fees, and room and board at higher education institutions. (Chart does not include the effects of any expenses or state taxes that may apply.)

Results will vary based on actual rates of return. This chart is for illustrative purposes only and is intended to help you understand the benefits of tax exemption. Assumptions: \$5,000 initial investment with subsequent annual investments at year end of \$5,000 per year over an 18-year time frame; annual rate of return on investment of 8% and no funds withdrawn during the time period specified; taxpayer is in the 25% federal tax bracket for all options at the time of contribution and withdrawal. The assumed rate of return is not guaranteed. If the portfolios had long-term capital gains or qualified dividend income, lower maximum tax rates for these would make the investment return for the taxable investment more favorable, thereby reducing the difference between the investments shown. Losses recognized on taxable investments may provide current income tax benefits, potentially increasing the favorability of taxable accounts.

You should consider your current and anticipated investment horizon and income tax bracket when making an investment decision, as this illustration may not reflect those factors. Withdrawal of earnings not used for qualified higher education expenses will be subject to federal and possibly state income tax and may be subject to an additional 10% penalty. The illustration does not reflect the deduction of any fees or charges and is not indicative of the actual performance of any product, including any portfolio or combination of portfolios available through Future Scholar or any other 529 plan.



# 529 PLAN ADVANTAGES

## TAX-FREE DISTRIBUTIONS

When you use the money in your account to pay for qualified education expenses, you won't pay federal taxes on your withdrawals. That can mean more money to put toward education costs, since taxes won't be taking a significant portion of what you've accumulated over the years.

## FAVORABLE GIFT AND ESTATE TAX BENEFITS

Due to special provisions available to 529 education savings plans, you can make certain contributions to an account without incurring federal gift taxes, and without reducing your unified federal estate and gift tax credit, while at the same time reducing your taxable estate. Consider these tax advantages:

- You may contribute up to \$17,000 per year (\$34,000 for married couples) per beneficiary in 2023 without triggering federal gift taxes.
- Contributions are considered completed gifts and are excluded from your taxable estate, even though as the account owner you maintain control of the assets in the account.
- You can take advantage of a special forward-gifting provision for 529 plans. Under this provision, in 2023 you may contribute up to \$85,000 (\$170,000 for married couples) per beneficiary in a single five-year period, gift-tax-free. Additional gifts to the beneficiary above this amount during the five-year period will generally reduce the donor's unified credit (lifetime exclusion amount), unless the annual exclusion amount increases. You must file Form 709 (U.S. Gift (and Generation-Skipping Transfer) Tax Return) to make this election. By making multiple gifts, you can remove significant assets from your taxable estate while helping pay education costs for your loved ones.
- Contributions between \$17,000 and \$85,000 made in one year can be prorated over a five-year period without incurring gift taxes or reducing an individual's unified federal estate and gift tax credit. If you contribute less than the \$85,000 forward-gifting maximum, additional contributions can be made without incurring federal gift taxes, up to the annual gift tax exclusion amount in that year. Gift taxation may result if a contribution or other gifts exceed the available annual gift tax exclusion amount remaining for a given beneficiary in the year of contribution. For contributions between \$17,000 and \$85,000 made in one year, if the account owner dies before the end of the five-year period, a prorated portion of the contribution may be included in his or her taxable estate.

## CONTROL AND FLEXIBILITY

529 plans allow the account owner, not the beneficiary, to retain control of the account assets (some conditions apply). This is a significant advantage that 529 plans have over other gifting and estate planning vehicles. Consequently, the account owner has the freedom to change — for any reason — beneficiaries on the 529 plan (though there may be gift or generation-skipping transfer tax consequences) or to recall the assets. If the assets are not used for qualified education expenses of the beneficiary, the earnings portion of the nonqualified distribution generally will be treated as ordinary income for federal and state income tax purposes and in most instances is subject to a 10% federal penalty tax.

Pay no federal income taxes when you withdraw your money to pay for qualified education expenses.



# INVESTMENT OPTIONS

With a wide range of investment options, Future Scholar allows you and your financial advisor to design a program that is appropriate for your individual education investing needs. You may choose from three investment options, each with a variety of portfolios.

## 1 AGE-BASED OPTION

Your financial advisor can help you select an age-based target allocation track — Conservative, Moderate or Aggressive. Your investments will be placed in a portfolio within the track you choose based on your beneficiary's age and your personal risk tolerance.

As the child gets closer to college age, the track will automatically reallocate a percentage of your assets out of equity funds (which have more stocks) into more conservative funds, such as bonds and money market funds. This means that when it's time for college, a larger proportion of your funds will be in more conservative, lower risk investments as your beneficiary begins to withdraw funds for school.



Note: For complete information on asset allocation ranges, permissible investment strategies and special risks that may be associated with the underlying mutual funds, see the Program Description.

# INVESTMENT OPTIONS

## 2 TARGET-ALLOCATION OPTION

You can also choose among seven target-allocation portfolios ranging from aggressive to more conservative. Unlike the age-based portfolios that shift over time, your investment in a target-allocation portfolio will remain constant unless you decide to change it.

Portfolios	Equity (%)	Fixed income, cash and cash equivalents (%)
Aggressive Growth	92	8
Growth	82	18
Moderate Growth	62	38
Moderate	52	48
Moderately Conservative	31	69
Conservative	11	89
College	0	100

Note: Target-allocation data is as of December 31, 2022.

## 3 SINGLE-FUND OPTION

We offer a diverse lineup of funds from some of the industry's leading money managers. This option lets you and your financial advisor build a customized portfolio by selecting from a variety of mutual funds, ranging from conservative bonds to more aggressive equities.



Investing involves risk including loss of principal.

All Future Scholar investments are direct purchases of a municipal fund security issued by the state of South Carolina (each an investment portfolio). The mutual funds and exchange-traded funds managed by Columbia Management Investment Advisers, LLC and other leading money managers represent underlying fund investments held by the investment portfolios.

Columbia Threadneedle Investments is not affiliated with the other fund companies noted.

Note: Account owners do not have direct interests in the underlying funds held by an investment portfolio.



# WHY FUTURE SCHOLAR?

- Multimanaged lineup of well-known asset managers
- One of the lowest cost advisor-sold plans\*
- High contribution limit of \$540,000 per account

\* Source: ISS Market Intelligence as of 12/31/22.

## GET STARTED TODAY

- Carefully read this brochure, as well as the accompanying Portfolio Construction flier and Program Description.
- Contact your financial advisor for guidance on completing the enclosed Future Scholar account application.

Visit us today at [columbiathreadneedleus.com/investment-products/529-plans](https://columbiathreadneedleus.com/investment-products/529-plans) for more information, including:

- Access to online planning tools, such as the World's Simplest College Savings Calculator and the College Savings Projector, which can help you calculate the future cost of a college education and build a savings plan
- Access to account information
- Portfolio performance
- Forms and applications



This image shows a single page of paper covered in dense, handwritten mathematical notes and diagrams. The handwriting is in black ink and appears to be from a student or researcher working on a complex problem, possibly related to quantum mechanics or advanced calculus. The page is filled with various equations, including the Schrödinger equation, wave functions, and geometric formulas. There are also several diagrams, including a triangle, a circle, and a coordinate system. The overall appearance is one of intense intellectual activity and a lack of formal structure.

The page is covered in dense, handwritten mathematical notes and diagrams. Key elements include:

- Equations:** Numerous mathematical expressions are scattered across the page, including the Schrödinger equation  $\nabla^2 \psi + k^2 \psi = 0$ , wave functions  $\psi(x,y,z)$ , and geometric formulas like  $A = r^2 \pi$  and  $C = 2\pi r d\pi$ . There are also expressions involving summations and integrals.
- Diagrams:** Several geometric diagrams are present, including a triangle with internal lines, a circle, and a coordinate system with axes labeled  $x$  and  $y$ . There are also some abstract diagrams that appear to be related to the mathematical concepts being discussed.
- Handwriting:** The handwriting is in black ink and is very dense, with many lines of text and equations overlapping. The style is informal and suggests a working draft or a notebook page.
- Structure:** The page lacks a formal structure, with notes and equations appearing in a somewhat random order. This suggests a process of discovery or exploration rather than a formal presentation.



Millions of people rely on Columbia Threadneedle Investments to manage their money, including individual investors, financial advisors and wealth managers. Our reach is expansive, with investment professionals around the world dedicated to finding original, actionable insights, and an independent oversight team who works with portfolio teams to ensure a consistent approach.

To find out more, call **800.426.3750**  
or visit [columbiathreadneedle.com](https://columbiathreadneedle.com).



**Please consider the investment objectives, risks, charges and expenses carefully before investing. Contact your financial advisor or visit [columbiathreadneedle.com](https://columbiathreadneedle.com) for a Program Description, which contains this and other important information about the Future Scholar 529 College Savings Plan. Read it carefully before investing. You should also consider, before investing, whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds and protection from creditors that are only available for investments in such state's qualified tuition program.**

Columbia Management Investment Distributors, Inc., member FINRA, is the distributor and underwriter for the Future Scholar 529 College Savings Plan Financial Advisor Program. The Office of State Treasurer of South Carolina (the State Treasurer) administers the program and has selected Columbia Management Investment Advisers, LLC (CMIA) as program manager. CMIA and its affiliates are responsible for providing certain administrative, recordkeeping and investment services, and for the marketing of the program. CMIA is not affiliated with the State Treasurer.

The Advisor Plan is sold exclusively through financial advisors, while the Direct Plan is sold directly by the Program. Participation in the Direct Plan is limited to eligible investors, as described in the Program Description. The Direct Plan offers a more limited selection of investment choices than the Advisor Plan, and the fees and expenses are lower. Please refer to the Program Description for more information.

Columbia Threadneedle Investments does not offer tax or legal advice. Consult with a tax advisor or attorney.

<b>Not FDIC or NCUA Insured</b>	<b>No Financial Institution Guarantee</b>	<b>May Lose Value</b>
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