

# Smart Saving

A college education can be the gift of a lifetime.



In today's world, a college education is a critical – yet costly – component of financial well-being. The price of tuition, housing, books and food is only going up, and for many students, a college degree comes with years of student loan debt. Saving for the college education of a child or grandchild through a tax-advantaged 529 plan can help future generations get a head start in life.

## GOOD GRADES AND PAY GRADES

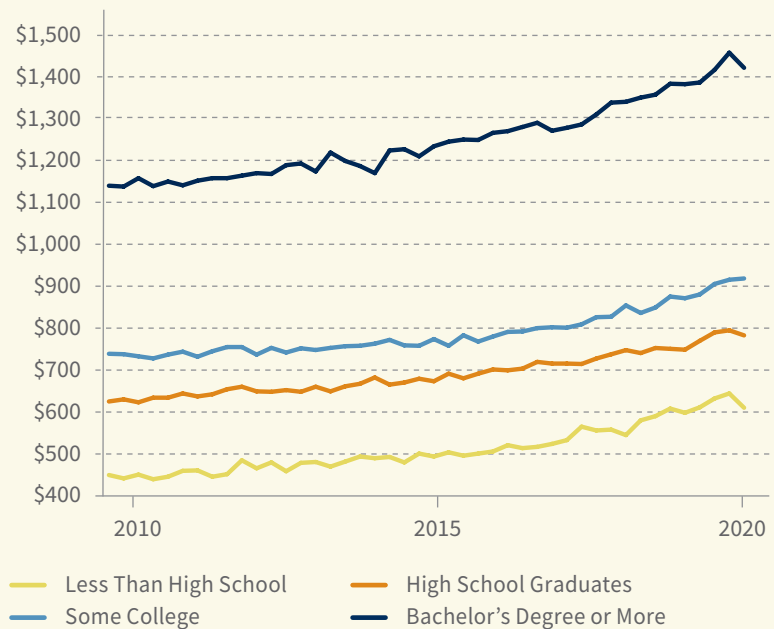
As technology continues to change the nation's economy – and the skills required of its workforce – a college education creates opportunities for increased earning potential. The disparity between the weekly earnings of college graduates and those without a college degree has grown over the past 10 years.



## LESSON LEARNED

In 2020, college graduates earned nearly 81% more than high school graduates with no college experience and 57% more than those who started college but did not graduate.

### WEEKLY MEDIAN EARNINGS BY LEVEL OF EDUCATION ATTAINMENT



Source: Bureau of Labor Statistics

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## HIGHER LEARNING AND HIGHER PRICES

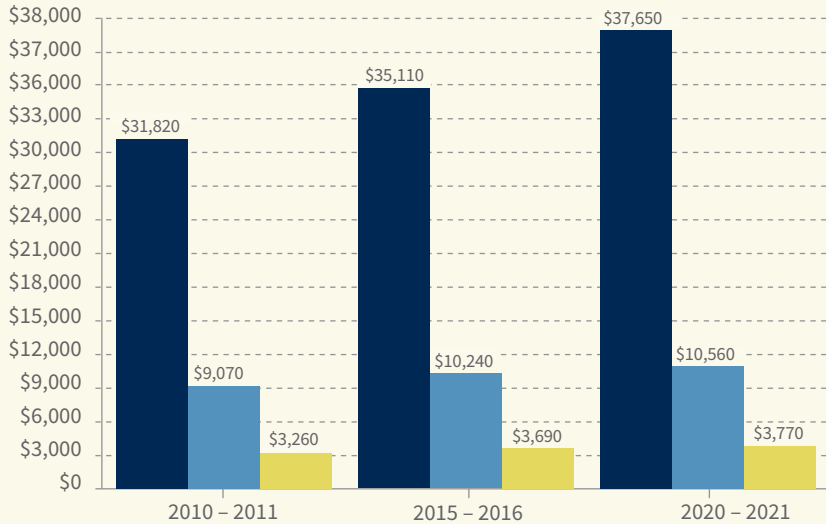
The rising cost of college tuition is outpacing many other expenses. After retirement and cost of a home, saving for education is one of the three most costly financial planning goals a family may have.



## LESSON LEARNED

Over the past 10 years, average annual tuition and fees at four-year public institutions rose 16% to \$10,560 in the 2020-21 school year.

### AVERAGE TUITION AND FEES, 2010 – 2011 TO 2020 – 2021 (2020 DOLLARS)



### 10-YEAR GROWTH



18%

■ Private Non-Profit Four-Year



16%

■ Public Four-Year



16%

■ Public Two-Year

Source: College Board Trends in College Pricing 2021



## BRIGHT MINDS AND BRIGHT FUTURES

A college education allows your loved one the opportunity to get ahead in a quickly changing world. And though the rising costs of tuition, books and campus living expenses can seem overwhelming, a 529 plan can make funding higher education an achievable goal. By working closely with your advisor, you can tap into the tax-free growth opportunities, estate planning incentives and potential state tax deductions of a 529 plan.

Graduation day will be here before you know it.

Material provided in partnership with Strategic Insight.

Earnings in 529 plans are not subject to federal tax and in most cases state tax, as long as you use withdrawals for qualified higher education expenses, such as tuition and room and board. However, if you withdraw money from a 529 plan and do not use it on a qualified higher education expense, you generally will be subject to income tax and an additional 10% federal tax penalty on earnings. An investor should consider, before investing, whether the investor's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. Investors should consider, before investing, whether the investor's or the designated beneficiary's home state offers any tax or other benefits that are only available for investment in such state's 529 college savings plan. Such benefits include financial aid, scholarship funds, and protection from creditors.

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