



COLLEGE SAVINGS MADE SIMPLE

SO, WHAT IS A 529?

A 529 plan is an account that allows you to invest specifically for future education expenses. Similar to IRAs and 401(k)/403(b) plans designed to help save for retirement, 529 plans are aimed at helping families save for college. The accounts are administered at the state level and managed by a financial services company that handles the paperwork and oversees investments.

529 PLANS OFFER MANY ADVANTAGES:

TAX-FREE	ACCESSIBLE	FLEXIBLE	VALUABLE
Contributions grow tax-deferred, which may result in larger gains over time. Withdrawals are tax-free when the money is used for qualified higher education expenses.	Any U.S. citizen or resident alien who is at least 18 years may establish a 529 account. Beneficiaries (the person for whom you are contributing money) can be a minor, spouse or even yourself.	Funds can be used at eligible schools nationwide. So whether the beneficiary wants to study rocket science in Texas, welding in Minnesota or cooking in California, he or she is covered.	529s can be used to cover a range of expenses, including books, equipment required for enrollment and certain room-and-board costs.



Randy McDaniel

Randy McDaniel
Oklahoma State Treasurer
Chair, Oklahoma 529 College Savings Plan

"Invest in your child and our state's future!"


Oklahoma 529
College Savings Plan

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MYTHS AND MISCONCEPTIONS

If you're confused about 529 plans, you're not alone. Here are some common myths and misunderstandings—and the truths behind them.

529 SAVINGS PLANS ARE ONLY FOR FAMILIES INTERESTED IN PUBLIC COLLEGES OR UNIVERSITIES.

FALSE. Funds can be used from your 529 savings plan to send your grandkids, loved ones, or even yourself to any accredited public or private U.S. college or university—or two-year technical or vocational institution—as well as qualifying international institutions.

THERE ARE TWO TYPES OF 529 PLANS: 529 investment plans, such as the Oklahoma 529 College Savings Plan, let you open an account to pay for a beneficiary's expenses at any U.S. accredited college or university.

The second option lets an account holder buy future tuition credits for eligible in-state colleges and universities (many of them public) at today's prices. The states offering these programs will often let you transfer your account holdings to out-of-state and private schools, but in-state institutions may still be a better value.

I MUST OPEN A 529 ACCOUNT IN THE STATE WHERE MY BENEFICIARY WILL ATTEND COLLEGE.

FALSE. You can invest your money in almost any state's 529 plan, the majority of which have no residency requirements. Before investing in a particular plan, you should consider whether the state in which you or your designated beneficiary reside or have taxable income offers any specific benefits. Some states allow you to deduct contributions from your taxable state income, to invest in your home state plan. See the Plan Description for any plan you are considering for more details about the plan.

MY 529 ACCOUNT CAN NEVER LOSE VALUE.

FALSE. Like any investment, a 529 account can gain or lose value over time. To help protect your investment, many plans offer enrollment year or age-based options that automatically moves your money into more conservative allocations as your beneficiary gets closer to attending college. This option may help your account preserve its principal and earnings. However, it still isn't a guarantee that your account won't decline in value. If safety of principal—meaning your original investment—is your biggest priority, consider a stable value fund, such as the OCSP Guaranteed Investment Option. A stable value fund seeks to preserve principal while offering opportunities for income, providing some potential for growth.

MY BENEFICIARY GAINS CONTROL OF MY MONEY WHEN I OPEN A 529 PLAN FOR HIM OR HER.

FALSE. The account owner (you) is always in charge. This means you control the funds in any 529 account you open. The beneficiary cannot withdraw money, change investment options or do anything else without your consent.

The tax information presented here is not intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

FAQS ABOUT 529 COLLEGE SAVINGS PLANS

Q: Can more than one person contribute to the account?

Anyone can contribute to an account as long as the maximum account balance does not exceed the per-beneficiary threshold set by the sponsoring state. The account owner has sole control over the assets and decides when to withdraw them.

Q: Can I change the beneficiary?

You can change your beneficiary at any time or transfer a portion of your investment to a different beneficiary. To maintain the tax benefits, the new beneficiary must be an eligible member of the previous beneficiary's family under the IRS definition, such as a sibling, an aunt, a stepchild, a first cousin or a spouse.

Q: What if my child or loved one decides not to attend college?

You have three choices:

1. Keep the funds in the account, and the investments will be available in future years if the beneficiary changes his or her mind about school.
2. Change the beneficiary to an eligible family member. Consult your tax advisor about whether this may create a taxable gift.
3. Make a nonqualified withdrawal. You can withdraw your principal contributions without a penalty, but any earnings will be subject to applicable state and federal taxes, plus a 10% federal penalty.

Q: What if my child or loved one gets a full or partial scholarship?

If your child receives a scholarship that covers the cost of qualified higher education expenses, you can withdraw funds up to the scholarship amount without any penalty. However, you'll have to pay federal and sometimes state income taxes on the earnings portion of the withdrawal.

Q: If I open an account in my state, then move to another state, what will happen to the account?

If you move to another state, you can still keep your money invested in your account, and you can continue contributing to it. Remember, before investing in any 529 plan, consider whether the state in which you or your designated beneficiary reside has a 529 plan that offers state income tax or other benefits to residents.

To learn more about the Oklahoma 529 College Savings Plan, its investment objectives, tax benefits, risks and costs, please see the Plan Description at ok4saving.org. Read it carefully. Investments in the Plan are neither insured nor guaranteed and there is the risk of investment loss. If the funds aren't used for qualified higher education expenses, a 10% penalty tax on earnings (as well as federal and state income taxes) may apply. If the funds aren't used for qualified higher education expenses, a 10% penalty tax on earnings (as well as federal and state income taxes) may apply. Consult your legal or tax professional for tax advice. TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, distributor and underwriter for the Oklahoma 529 College Savings Plan. 1046013

