

Top Benefits of Saving with an FDIC-Insured 529 Account

A 529 college savings plan is a tax-advantaged account that can be used to pay for education expenses from kindergarten all the way through graduate school, including registered apprenticeships. As a bonus, FDIC-insured offerings in a 529 plan are backed by the full faith and credit of the U.S. government up to certain limits.

FDIC-insured investments are good options for families who want to take advantage of the benefits of a 529 savings plan, without taking on the risk of investing in the stock and bond markets.

Here are

THE TOP BENEFITS OF AN FDIC-INSURED 529 ACCOUNT

1

TAX-FREE EARNINGS ON YOUR SAVINGS

Earnings in an FDIC-insured 529 plan grow tax-free and are not taxed when the money is used to pay for qualified expenses, such as tuition and fees, textbooks, and qualified apprenticeship program expenses. Many states offer a full or partial income tax deduction or credit for 529 plan contributions as well. You can also make automatic contributions to your account to make saving for education even easier.

The difference is how you're investing. In FDIC-insured 529 accounts you can choose to contribute to a savings account or bank certificates of deposit (CDs). For example, the [CollegeChoice CD 529 Savings Plan*](#) offers fixed-rate CDs with one, two, or three year maturities, as well as high-yield savings accounts.

This contrasts with other types of 529 plan investment options with portfolios that invest in stocks, bonds, and other securities. Depending on the stock market, earnings may not grow as rapidly in an FDIC-insured account as they would in other accounts, but there is less risk.

 2

INVEST WITHOUT THE RISKS

FDIC-insured options within 529 plans could be a good option for families who are risk-adverse. FDIC-insured accounts are typically insured up to \$250,000 per account.*

 3

DIVERSITY IN YOUR PORTFOLIO

Adding an FDIC-insured investment option along with your other 529 plan savings allows parents saving for education to have the best of both worlds. You have the potential to see greater earnings in your traditional 529 savings, but you have the safety and peace of mind with a no-risk FDIC-insured 529 option.

 4

GREAT FOR SHORT-TERM SAVERS

An FDIC-insured 529 account may be preferred for those who don't have many years to allow their savings to grow. For parents of high-schoolers, opting for an FDIC-insured 529 provides more certainty that the money will be there when they need it. If a student is approaching college or has even already started college, they can take advantage of the tax benefits and flexibility of a 529 plan without risking their principal investment.

5

A PERFECT WAY FOR GRANDPARENTS TO SAVE

Many times, grandma and grandpa are asking how they can help save for college. An FDIC-insured 529 account could be a good option for those looking for a simple, stress-free way to help pay for their loved one's education. Grandparents, aunts and uncles, and even close family friends can contribute and be a big part of your child's education experience.



Did you know... 529 plan contributions grow tax- deferred

The interest you earn in an FDIC-insured 529 account is not taxed as the account grows, and withdrawals made from a 529 plan are completely tax-free when used for a qualified expense.**



Did you know... Anyone can take advantage of an FDIC- insured 529 account

Anyone can open an account with **CollegeChoice CD 529 Savings Plan** regardless of their state of residence.



Did you know... You can use 529 savings for more than just tuition

Withdrawals on a 529 account are tax-free when used for qualified expenses. These include registered apprenticeship program and vocational/trade program expenses, college and/or graduate school expenses, including books, supplies, room and board, a computer, internet access, and computer software.

CollegeChoice CD is sponsored by the State of Indiana and administered by the Indiana Education Savings Authority. College Savings Bank, a Division of NexBank (CSB), serves as Program Manager for CollegeChoice CD. As Program Manager, CSB supports all aspects of the day-to-day operations of CollegeChoice CD, including marketing, recordkeeping, and administrative support. CollegeChoice CD offers portfolios that invest in either a CSB issued CD or a savings account. CDs may be subject to early withdrawal penalties. For additional information, please refer to the CollegeChoice CD Disclosure Statement.

Before you invest, consider whether your or the 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 that state's qualified tuition program. You should also consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact directly your home state's 529 college savings plan(s), or any other 529 plan, to learn more about those plans' features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

None of CollegeChoice CD, the Indiana Education Savings Authority, NexBank or their respective affiliates provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal, or accounting advice. You should consult your own tax, legal, and accounting advisors before engaging in any transaction.

*The Federal Deposit Insurance Corporation (FDIC) generally insures, with respect to each FDIC-insured institution, deposit accounts that are held in the same right and capacity up to the maximum amount set by federal law, currently \$250,000. An account owner's interest in the insurable balance of a CollegeChoice CD account is insured by the FDIC on a pass-through basis to each account owner up to the maximum amount. Under applicable FDIC regulations, accounts that have the same owner will be deemed to be held in the same right and capacity and will be combined for purposes of the \$250,000 limitation. Interest that accrues on a Fixed Rate CD or CollegeSure Honors Savings Account is also covered by FDIC deposit insurance, subject to these same limitations.

**Earnings on non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. Tax and other benefits are contingent on meeting other requirements and certain other withdrawals are subject to federal, state, and local taxes.