

# PRIVATE COLLEGE 529 PLAN

by CollegeWell

## SAVING SCENARIOS

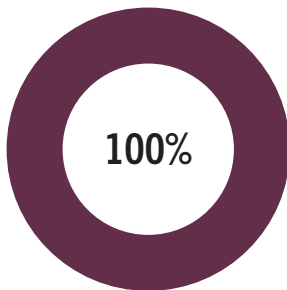
### SAVING IN THE PLAN – ONE LUMP SUM

Since the Plan allows families to save at hundreds of colleges and universities, and the cost of tuition is different at each school, the amount they purchase for each school will also be different.

**Let's say a family opens an account with \$30,000.** If annual tuition costs \$30,000 at College X, they have purchased (or locked in) one full year of tuition and fees.

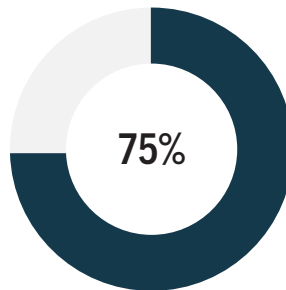
At College Y, where annual tuition costs \$40,000, they have purchased 75% of one year, and at College Z, which costs \$60,000, 50% of one year.

College X



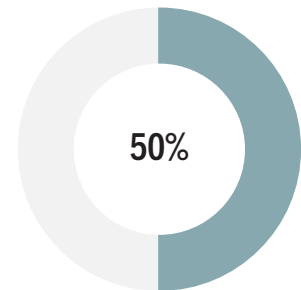
\$30,000 purchases **100%** of tuition at College X where annual tuition costs \$30,000.

College Y



\$30,000 purchases **75%** of tuition at College Y where annual tuition costs \$40,000.

College Z



\$30,000 purchases **50%** of tuition at College Z where annual tuition costs \$60,000.

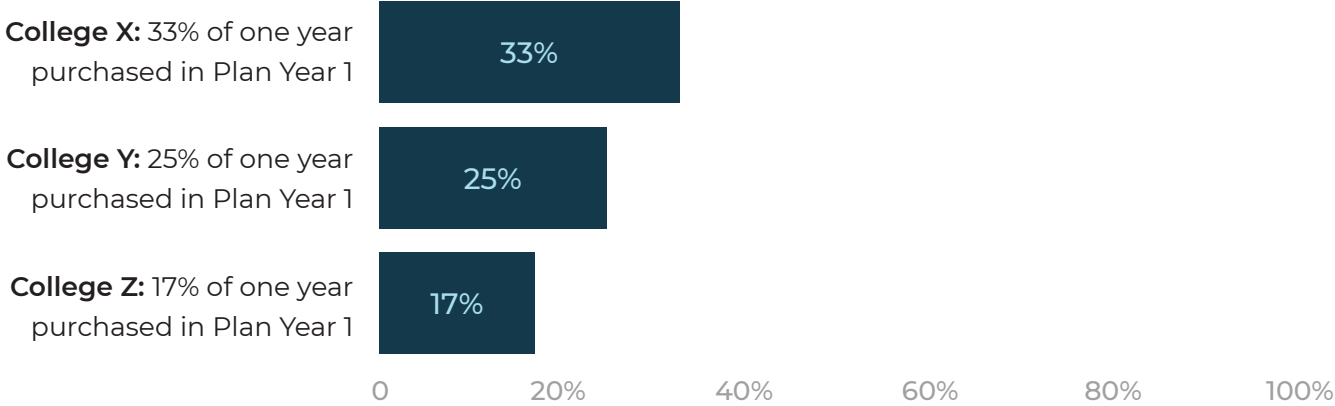
**10 years after one lump sum:** When families purchase tuition at the current rate, they're essentially hedging against tuition inflation. The tuition value of a Tuition Certificate is guaranteed to increase at the same rate as the cost of tuition and fees at each member college in the Plan.

It's now 10 years in the future, and tuition and fees have increased 4% per year at each college, so College Y now costs \$59,210. If your client's child enrolls at College Y, the redeemable value of their prepaid tuition (what they locked in) is 75% of one year of tuition and fees at the current rate, or \$44,407 (75% of \$59,210). In this scenario, that's equivalent to approximately \$14,407 in tax-free growth.

# SAVING IN THE PLAN – MULTIPLE YEARS

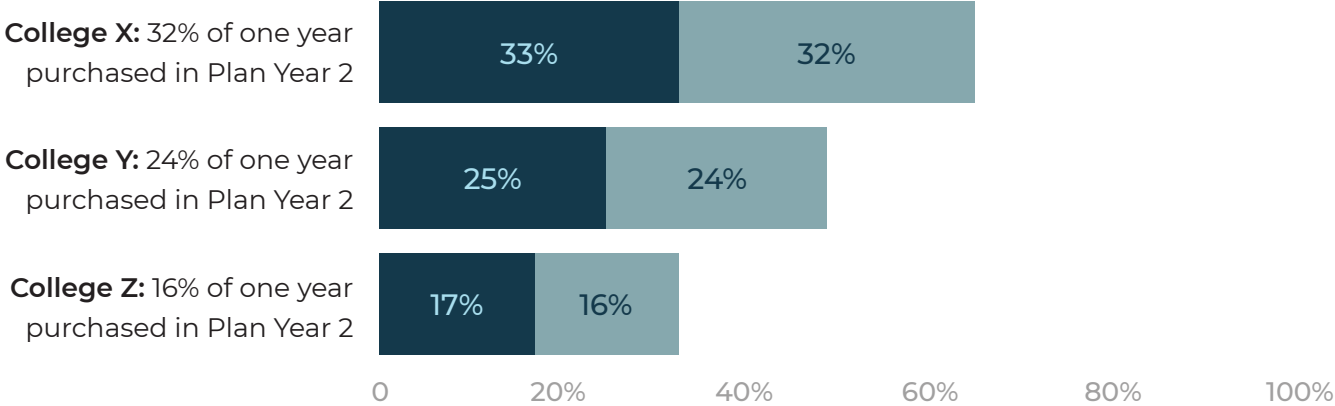
**In Plan Year 1 (July 1 – June 30),** a family opens an account with \$10,000. Current tuition and mandatory fees cost \$30,000 at College X, \$40,000 at College Y and \$60,000 at College Z.

Like the previous example of saving with one lump sum, the family is purchasing a certain percentage of tuition and fees at each college. But, because their initial contribution is lower, the percentages they purchase are lower too — approximately 33%, 25% and 17%, respectively.



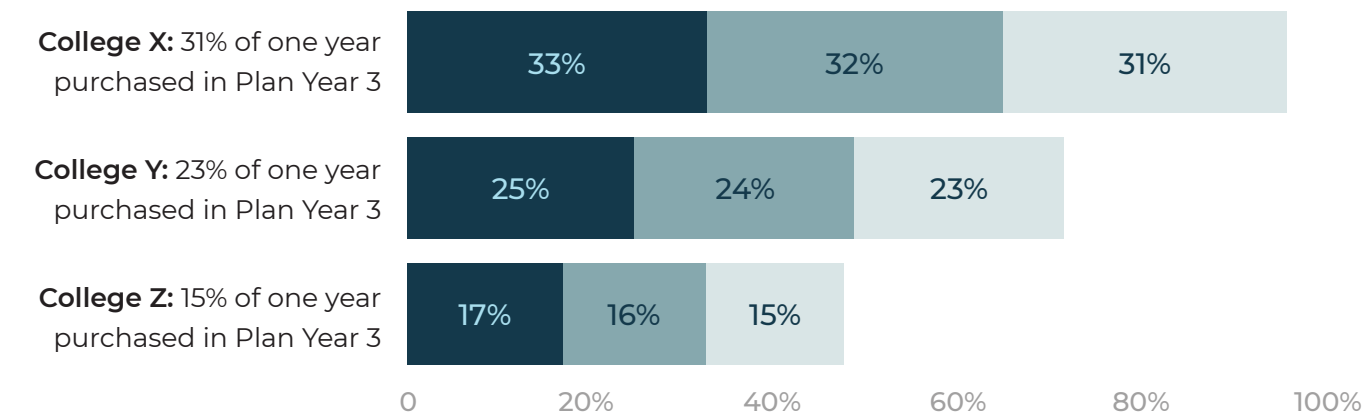
**In Plan Year 2,** the family makes another \$10,000 contribution to their account. We will assume College X, Y and Z's tuition and fees have gone up 4%. College X now costs \$31,200, College Y \$41,600 and College Z \$62,400.

Since the family's contribution is the same (\$10,000), but tuition and fees have gone up (4%), the percentages they purchase are slightly less — approximately 32%, 24% and 16%, respectively.



**In Plan Year 3**, the family makes another \$10,000 contribution. Again, we will assume College X, Y and Z's tuition and fees have gone up 4%. College X now costs \$32,448, College Y \$43,264 and College Z \$64,896.

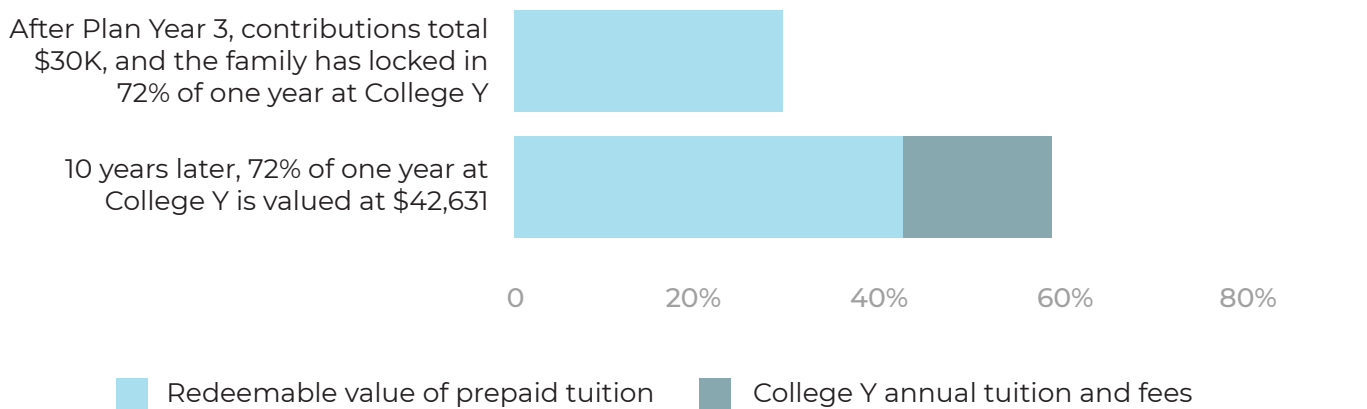
Since the family's contribution is the same (\$10,000), but tuition and fees have gone up (4%), the percentages they purchase are even less — approximately 31%, 23% and 15%, respectively.



**10 years after Plan Year 3**

It's now 10 years in the future, and we'll assume the family stopped making contributions after Plan Year 3. College X, Y and Z's tuition and mandatory fess have continued to rise 4% per year. Tuition and fees for one year at College X are now \$44,407, up from \$30,000; College Y is \$59,210, up from \$40,000; and College Z is \$88,815, up from \$60,000.

If their child enrolls at College Y, the redeemable value of their prepaid tuition (what they locked in) is approximately 72% of one year of tuition and fees at the current rate, or \$42,631 (72% of one year of tuition at College Y). In this scenario, that's equivalent to approximately \$12,631 in tax-free growth.



# **PRIVATE** --- **COLLEGE 529 PLAN** ---

by CollegeWell

**Jonathan Sparling**  
jsparling@pc529.com

**[www.privatecollege529.com](http://www.privatecollege529.com)**

CollegeWell and Private College 529 Plan (the Plan) are established and maintained by Tuition Plan Consortium, LLC (TPC), on behalf of the Plan's member colleges. This material is provided for general and educational purposes only, and is not intended to provide legal, tax, or investment advice, or for use to avoid penalties that may be imposed under U.S federal tax laws. Catalis Regulatory & Compliance, LLC f/k/a Intuition College Savings Solutions, LLC (Catalis) is the Plan Administrator. Participation in the Plan does not guarantee admission to any college or university. Tuition Certificates are neither insured nor guaranteed by the FDIC, TPC, any government agency, Catalis or their respective subcontractors and affiliates. However, Tuition Certificates are guaranteed by member colleges solely for tuition and mandatory fee credits. Tuition Certificates must be held for at least 36 months from the issue date before they can be redeemed to pay for tuition at a participating school. The issue date of a Tuition Certificate is the first date during a plan year (July 1-June 30) that a purchase of a Tuition Certificate is made. Please read the Disclosure Statement and Enrollment Agreement carefully, and please consider your financial objectives and risks before purchasing a Tuition Certificate. TPC, Catalis and their respective subcontractors and affiliates do not provide financial, legal or tax advice. Please contact your attorney or other advisor regarding your specific legal, investment or tax situation.

The refund value of a Tuition Certificate is calculated as your total contributions adjusted for net investment returns up to a maximum increase of 2 percent per year compounded annually. If the refunded amount is not used to pay qualified higher education expenses, the earnings portion will be subject to federal income tax and an additional 10 percent tax penalty. See Disclosure Statement for details.