

**CollegeAmerica®**  
529 college savings plan



**CAPITAL  
GROUP®**

**AMERICAN  
FUNDS®**

Unlock a world  
of possibilities



CollegeAmerica is a nationwide plan sponsored by  **Commonwealth  
Savers**

# Discover what's possible by saving for a lifetime of learning

The gift of education at any stage of life, whether for a loved one or for yourself, is like no other. CollegeAmerica, a tax-advantaged 529 savings plan, can unlock a world of opportunity and aid in lifelong learning – from K-12 to college and apprenticeships through retirement – to achieve a better future.

## What are the benefits?

- **Tax advantages** – Tax-advantaged treatment applies to savings used for qualified education expenses. State tax treatment varies.
- **Flexibility** – You (the account owner), rather than the beneficiary, maintain oversight of account assets and determine the timing and amount of distributions.

## Who can contribute?

- Parents
- Grandparents
- Beneficiaries
- Extended family and friends

## Examples of qualified education expenses



### Tuition and related fees

Includes:

- Trade and vocational schools
- Community colleges
- Theological seminaries
- International schools
- Study-abroad programs run through U.S.-eligible schools
- Private K-12 schools



### Room and board\*

On and off campus



### Books and supplies\*

Includes:

- Textbooks
- Paper
- Pens
- Additional supplies



### Computers and supplies\*

Includes:

- Computer
- Laptop
- Printer
- Educational software
- Internet services



### Student loans

Qualified education expenses include amounts paid as principal or interest (up to a \$10,000 lifetime maximum) on any qualified student loans of a designated beneficiary or the designated beneficiary's sibling.

Qualified education expenses also include fees, books, supplies and equipment required for the participation of a designated beneficiary in certain apprenticeship programs.

If withdrawals are used for purposes other than qualified education expenses, the earnings will be subject to a 10% federal tax penalty in addition to federal and, if applicable, state income tax. States take different approaches to income tax treatment of withdrawals. For example, withdrawals for K-12 expenses may not be exempt from state tax in certain states. Please consult your tax advisor for state-specific details. Tax deductions may be disallowed in the event of non-qualified withdrawals.

Qualified private K-12 education expenses include tuition for an elementary or secondary private or religious school (kindergarten through 12th grade) up to a maximum of \$10,000 incurred during the taxable year per beneficiary.

This material does not constitute legal or tax advice. Investors should consult with their legal or tax advisors.

\*Excludes expenses related to K-12.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

CollegeAmerica

## The nation's largest 529 savings plan<sup>1</sup>



### Available nationwide

CollegeAmerica is available in all 50 states and the District of Columbia.

### Highly rated

Our 529 plan has been among Morningstar's highly rated advisor-sold 529 college savings plans since 2004, the year they began issuing ratings.<sup>2</sup>

### Low fees

CollegeAmerica's fees are among the lowest for advisor-sold 529 college saving plans.<sup>3</sup>

### Low start-up amounts

You can open an account for as little as \$250 (the minimum investment per fund), but subsequent contributions can be as small as \$50.<sup>4</sup>

## Three different investment approaches

Your financial professional is the best person to help you select the CollegeAmerica investments that fit your education savings plans.

### American Funds College Target Date Series<sup>®</sup>

Funds with target dates that correspond roughly to the year a beneficiary would start taking withdrawals. The funds' investment mixes shift over time so that it becomes more preservation-oriented.

### American Funds Portfolio Series

Funds of funds are designed to help investors pursue real-life goals, both in the long and short term.<sup>5</sup>

### Individual American Funds

Individual American Funds for those seeking to create custom portfolios.

The College Target Date allocation strategy does not guarantee that investors' education savings goals will be met. Investors and their financial professionals should periodically evaluate their investment to determine whether it continues to meet their needs.

<sup>1</sup>Largest by assets, according to the *529 Quarterly Data Update, Fourth Quarter 2023* from ISS Market Intelligence. As of December 31, 2023, CollegeAmerica's assets under management (AUM) was \$85.7 billion.

<sup>2</sup>Source: Morningstar, as of November 2, 2023. Morningstar. Ratings are based on the following criteria: process, people, parent and price. Prior to 2020, the ratings' criteria were process, people, parent, price and performance.

<sup>3</sup>*529 College Savings Quarterly Fee Analysis, Fourth Quarter 2023* from ISS Market Intelligence. CollegeAmerica's fees were in the lowest fee quartile of the 32 national advisor-sold 529 plans and in the lowest fee quartile of the 29 national fee-based, advisor-sold 529 plans, based on the average annual asset-based fees that included CollegeAmerica's Class 529-A and 529-F-3 shares, respectively.

<sup>4</sup>The money market fund has a \$1,000 minimum initial investment. All available funds have a \$25 minimum if you participate in a CollegeAmerica employer-sponsored program.

<sup>5</sup>Allocations may not achieve investment objectives. The portfolios' risks are directly related to the risks of the underlying funds, in proportion to their allocations.



## Build a bigger future by investing today

"We want to give Mia what we didn't have – the opportunity to obtain a college education without student loans. Our financial professional suggested we get an early start so we opened a CollegeAmerica account shortly after we found out we were pregnant. We've even been lucky that family and friends are willing to chip in and contribute to the balance."

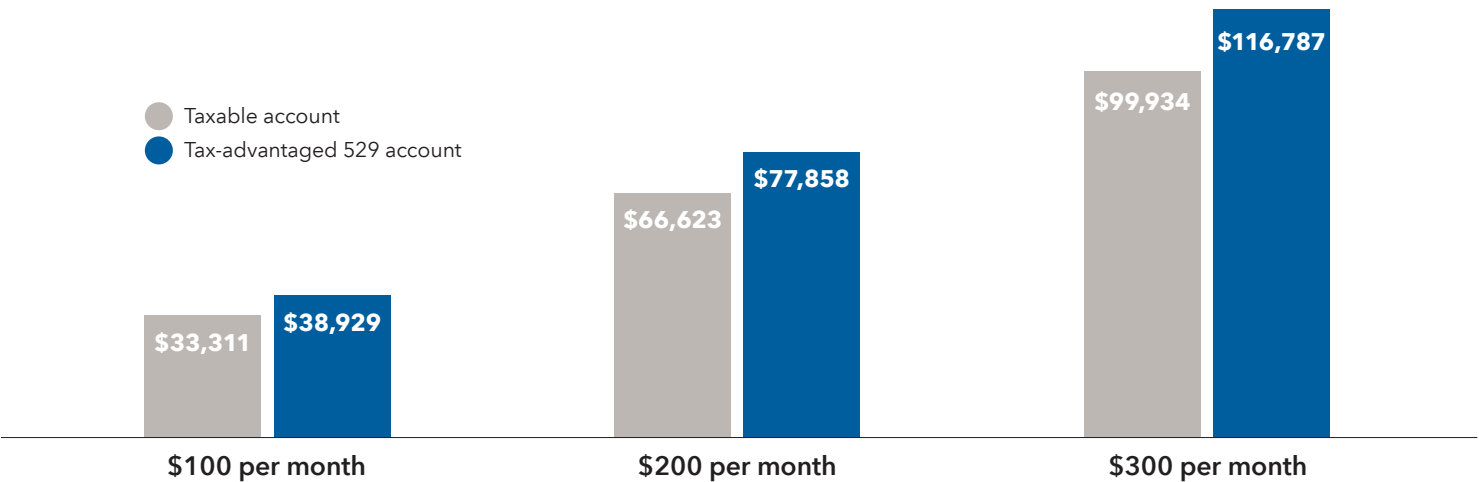


# Start now. Tax savings add up over time

Earnings in a CollegeAmerica account, unlike those in a taxable account, are exempt from federal and, in many cases, state taxes provided they're used to pay a broad range of qualified educational expenses.

The hypothetical example below illustrates how significant the tax benefits can be.

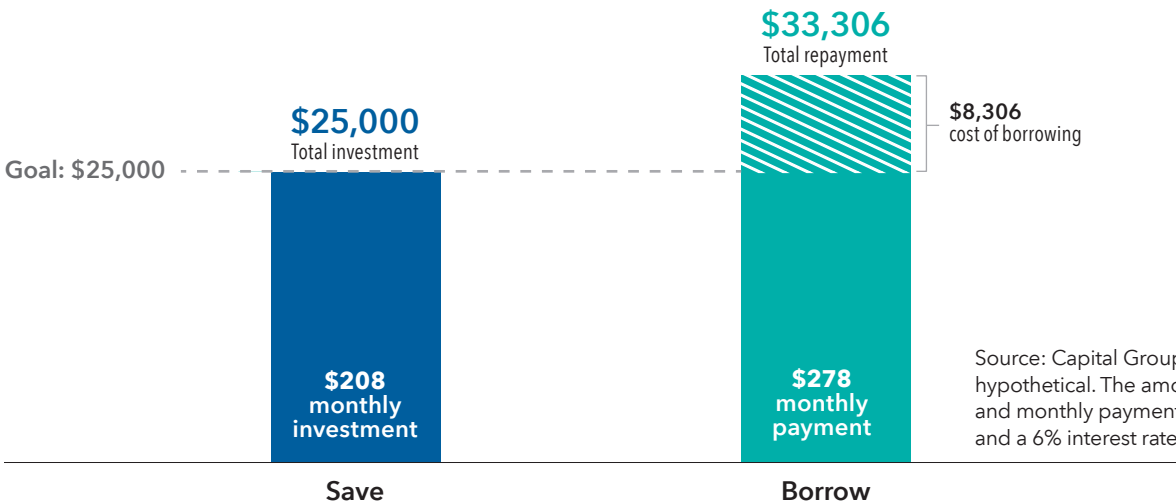
Account values after 18 years of saving



Assumes a 6% average annual rate of return (compounded monthly) for both investments and an effective federal income tax rate of 25% and no state income tax. Example assumes taxes were paid annually out of the account. Your tax rate may vary. Current minimum tax rates on capital gains and dividends could make taxable investment returns higher, thus reducing the difference between the two ending values. Results shown are hypothetical and are not intended to represent an investment in a specific fund. Your investment experience will differ. Regular investing does not ensure a profit or protect against loss. You should consider your willingness to keep investing when share prices are declining.

# CollegeAmerica can help someone explore their boundless potential, without a mountain of debt

Many families depend on financial aid to supplement their college savings. Let's compare two ways to pay for college that could save you money in the long run:



Source: Capital Group. Investment results are hypothetical. The amount of monthly investments and monthly payments assume a 10-year time frame and a 6% interest rate.

# Saving for an education makes sense wherever you are in life

529 plans can be used by anyone looking to go back to school to obtain a degree or seeking to take classes to learn a new skill or talent – just as long as the expenses are qualified. You can also use a 529 plan to cover certain apprenticeship program expenses.

## Sally

“As long as I can remember, I’ve always wanted to be a nurse. But I put off my dream to raise my son. When CollegeAmerica plans were first introduced, I opened an account with the money I had already saved for Liam’s education. Once Liam was out on his own, I used what was left to become a nurse and am now saving for my new dream: to become a doctor.”



## Mike

“Five years before retiring, I decided my next adventure would be to own an Italian trattoria. I found a local community college that offered a year-long Italian cuisine course in Florence, Italy. On that day, I opened a CollegeAmerica account. As a result, I was able to pay my tuition without having to tap into my retirement savings.”



## The advantages of CollegeAmerica

	CollegeAmerica account	Coverdell education savings account	UGMA/UTMA* account	Roth IRA	Taxable investment account
People of all income levels can contribute.					
Withdrawals for qualified expenses are exempt from federal taxes.					
State tax deductions/credits for residents of some states. Tax deductions may be disallowed in the event of non-qualified withdrawals.					
Account owner always controls the account.					
Beneficiary changes permitted.					N/A

\*UGMA stands for Uniform Gifts to Minors Act, and UTMA stands for Uniform Transfers to Minors Act.



# Putting 529s to work for your estate

529 plans have estate planning benefits, as your contributions are free of gift taxes and can help pare down your estate and reduce potential estate taxes.

## Sam & Ruth

"Emily, our financial professional, knows we'd do anything for our grandchildren. When we met to set up an estate, she recommended we take advantage of a special gift-tax contribution by opening a CollegeAmerica account for each grandchild to help pay for their education while hopefully reducing future estate taxes."



You can make sizable lump-sum investments or transfer significant assets out of an estate, including up to \$19,000 a year (\$38,000 for married couples) per beneficiary without gift-tax consequences in 2025. Under a special election, you can also invest up to \$95,000 (\$190,000 for married couples) at one time by accelerating five years' worth of investments in 2025.

Additional gifts made to that beneficiary over the next four years after the year in which the one-time gift is made may reduce the donor's lifetime gift and estate tax exemption. If the donor of an accelerated gift dies within the five-year period, a portion of the transferred amount will be included in the donor's estate for tax purposes. Consult with a tax advisor regarding your specific situation.

For gift-tax purposes, the assets are considered completed gifts, but the grandparents – provided they own the accounts – control the assets and the withdrawals.

## How it works

Using a special gift-tax contribution that allows Sam and Ruth to make up to five years of contributions in one gift, they transfer \$190,000 into each grandchild's 529 account, incurring no gift taxes.



**Grandchild 1**  
\$190,000 annual exemption



**Grandchild 2**  
\$190,000 annual exemption

## Assumptions

- The only gifts given to each beneficiary during the year were 529 gifts.
  - Lifetime gifts don't exceed lifetime gift-tax exemption limit.
- Contributions made to a 529 plan in excess of the annual gift tax exclusion will not cause gift taxes to be payable unless the contributions (together with all other gifts) that exceed the annual gift tax exclusion are greater than the contributor's lifetime gift tax exemption of \$13,990,000 for 2025.

# The Capital Advantage<sup>®</sup>

Since 1931, Capital Group, home of American Funds, has helped investors pursue long-term investment success. Our consistent approach – in combination with The Capital System<sup>™</sup> – has resulted in superior outcomes.

## Aligned with investor success

We base our decisions on a long-term perspective, which we believe aligns our goals with the interests of our clients. Our portfolio managers average 28 years of investment industry experience, including 22 years at our company, reflecting a career commitment to our long-term approach.<sup>1</sup>

## The Capital System

The Capital System combines individual accountability with teamwork. Funds using The Capital System are divided into portions that are managed independently by investment professionals with diverse backgrounds, ages and investment approaches. An extensive global research effort is the backbone of our system.

## American Funds' superior outcomes

Equity-focused funds have beaten their Lipper peer indexes in 85% of 10-year periods and 97% of 20-year periods.<sup>2</sup> Relative to their peers, our fixed income funds have helped investors achieve better diversification through attention to correlation between bonds and equities.<sup>3</sup> Fund management fees have been among the lowest in the industry.<sup>4</sup>

<sup>1</sup> Investment industry experience as of December 31, 2023.

<sup>2</sup> Based on Class 529-F-2 share results for rolling monthly 10- and 20-year periods starting with the first 10- or 20-year period after each mutual fund's inception through December 31, 2023. Periods covered are the shorter of the fund's lifetime or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary. Past results are not predictive of results in future periods.

<sup>3</sup> Based on Class 529-F-2 share results as of December 31, 2023. Nine of the 12 taxable fixed income American Funds that have been in existence for the three-year period showed a three-year correlation lower than their respective Morningstar peer group averages. S&P 500 Index was used as an equity market proxy. Correlation based on monthly total returns. Correlation is a statistical measure of how a security and an index move in relation to each other. A correlation ranges from -1 to 1. A positive correlation close to 1 implies that as one moved, either up or down, the other moved in "lockstep," in the same direction. A negative correlation close to -1 indicates the two have moved in the opposite direction.

<sup>4</sup> On average, our mutual fund management fees were in the lowest quintile 55% of the time, based on the 20-year period ended December 31, 2023, versus comparable Lipper categories, excluding funds of funds.

Class 529-F-2 shares were first offered on October 30, 2020. Class 529-F-2 share results prior to the date of first sale are hypothetical based on the results of the original share class of the fund without a sales charge, adjusted for typical estimated expenses. Refer to [capitalgroup.com](https://capitalgroup.com) for more information on specific expense adjustments and the actual dates of first sale.

Capital Group manages equity assets through three investment groups. These groups make investment and proxy voting decisions independently. Fixed income investment professionals provide fixed income research and investment management across the Capital organization; however, for securities with equity characteristics, they act solely on behalf of one of the three equity investment groups.

**Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses, summary prospectuses and CollegeAmerica Program Description, which can be obtained from a financial professional and should be read carefully before investing. CollegeAmerica is distributed by Capital Client Group, Inc., and sold through unaffiliated intermediaries.**

**Depending on your state of residence, there may be an in-state plan that provides state tax and other state benefits, such as financial aid, scholarship funds and protection from creditors, not available through CollegeAmerica. Before investing in any state's 529 plan, investors should consult a tax advisor.**

Capital Client Group, Inc.

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