

CollegeAmerica[®]
Employer-sponsored 529 guide



CollegeAmerica is a nationwide plan sponsored by  Commonwealth Savers[®]

Put CollegeAmerica to work for you and your employees

Building and retaining a strong team of employees is critical to a business's success. Offering an employer-sponsored 529 plan can help your business stand out from the crowd and show your commitment to improving your employees' financial health.



Set your business apart from the rest

According to recent surveys,

88%

of employees said they would be likely to open a 529 account if one was offered at work.¹

Yet, only

6.0%

of employers offering payroll 529 plans.²

Footnotes/Important information:

¹529 Industry Analysis (2025 edition), ISS Market Intelligence.

²New Proprietary Survey on the 529 Employer Channel, ISS Market Intelligence, February 23, 2026.

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

Why you should consider offering a CollegeAmerica 529 savings plan

Trusted by more than 3 million families, CollegeAmerica is the nation's largest 529 savings plan.³ This tax-advantaged 529 savings plan can help employees save and pay for educational costs for their loved ones and themselves. Tax-advantaged treatment applies to savings used for qualified education expenses. State tax treatment varies.

Examples of qualified education expenses



Higher education

Includes:

- Tuition, fees, and certain room and board expenses
- Public and private colleges and universities
- Community colleges
- Theological seminaries
- International schools
- Study-abroad programs run through U.S.-eligible schools
- Required books, supplies, equipment, computers and software



Workforce training

Includes:

- Tuition, fees, books, supplies and equipment required for the enrollment or attendance of the beneficiary in an eligible skilled trade, vocational, credentialing or apprenticeship program
- Preparation and exam fees for certain professional licenses and certifications such as CPA exam preparation and testing fees
- Training and certification for certain skilled trades and vocational careers such as commercial driver's license (CDL) training, plumbing and HVAC technician certification
- Required continuing education (CE) courses necessary to maintain certain professional credentials for careers such as nursing, teaching and real estate



K-12

Certain expenses in connection with enrollment or beneficiary's sibling attendance at an elementary or secondary public, private or religious school (kindergarten through 12th grade) including, but not limited to:

- Tuition
- Textbooks and instructional materials
- Qualified tutoring services
- Fees for certain standardized tests (e.g., SAT, ACT and advanced placement [AP] exams)
- Educational therapies for students with disabilities

K-12 expenses are capped at a maximum of \$20,000 per calendar year per beneficiary



Higher education student loans

Up to \$10,000 lifetime maximum on principal or interest payments on any designated beneficiary's or designated beneficiary's sibling's qualified student loans

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. Tax deductions may be disallowed in the event of non-qualified withdrawals.

Footnote/Important information:

³Largest by assets, according to the *529 Quarterly Data Update, Fourth Quarter 2025* from ISS Market Intelligence. As of December 31, 2025, CollegeAmerica's assets under management (AUM) was \$109.0 billion. Number of families is as of December 31, 2025.

When you offer CollegeAmerica at work, everyone benefits



Employer benefits



Tax-advantaged investment to help attract, motivate and retain employees

- Allows employees to save and help pay for a loved one's primary, secondary, college and vocational education.
- Build their own skills and knowledge by helping employees save and pay for graduate school, required continuing education and certain professional licenses, certifications and apprenticeship programs.
- Improve employees' financial wellness by providing access to the 529 plan's financial professional.



Easy setup and maintenance with no cost to employers

- No account setup or maintenance costs means employers can offer an employee benefit at no cost to the employer.
- Employer access to our Online Group Investment Website allows them to set up automatic payroll deductions that make it easy for employees to invest.
- Employees manage their accounts directly with the plan's financial professional.



Wide eligibility for both employers and employees

- Large and small businesses, professional offices, startups and even sole proprietorships can launch a 529 plan.
- All full-time and part-time employees are eligible to participate.
- No minimum participation – a single shareholder is enough. And employees can open accounts for any beneficiaries, no matter how much they earn.



Employee benefits



Low costs and low minimum investments

- No up-front sales charge – means all of an employee's investment is put to work immediately.
- Low fees – CollegeAmerica's fees are among the lowest for advisor-sold 529 college saving plans.⁴
- Low minimum investment – can open a plan with as little as \$25.



Time-tested flexible investments

- Access to American Funds® mutual funds, which have a history of strong investment results.⁵ Past results are not predictive of results in future periods.
- Choice of flexible, easy-to-use solutions, including target date funds.



Easy-to-use online resources and tools at "Saving for college" on our website:

capitalgroup.com/individual/planning/college-savings.html

- **Learn** how to build a plan based on the employee's life stage and unique educational needs and goals.
- **Plan** using our savings calculator that shows how regular investments can grow over time and our college calculator that compares costs for two-and four-year public, private and Ivy League colleges.
- **Choose** from CollegeAmerica's many investment options, including individual mutual funds, target date funds and funds of funds.

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.

Footnotes/Important information:

⁴529 College Savings Quarterly Fee Analysis, Fourth Quarter 2025 from ISS Market Intelligence. CollegeAmerica's fees were in the lowest fee tertile of the 31 national advisor-sold 529 plans and in the lowest fee quartile of the 28 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.

⁵Over the past 40 years, 74% of funds outpaced more than half of their respective peers when comparing average 10-year rolling returns. And 71% had higher risk-adjusted returns (as indicated by the Sharpe ratio) over that same time frame. Methodology: Data as of 12/31/24. Based on a comparison of each fund with its respective Morningstar category peers. Data are based on the following mutual fund share classes: Class F-2, Class M, Class 529-A, Class 1, Class P-2 and Class 4. One share class was used per fund. The analysis uses Morningstar hypothetical methodology to calculate hypothetical fund results for periods before a share class's inception. For those periods, Morningstar uses results for the oldest share class (unless the newer share class is more expensive). Source: Capital Group, based on mutual fund data from Morningstar. For each fund, we calculated the average rolling Sharpe ratio and return over the 40-year period (or the fund's lifetime, if it lacks a 40-year history). That average rolling return and Sharpe ratio were compared against the equivalent averages for each fund's respective Morningstar peers on a percentile basis. Rolling returns are calculated monthly. Sharpe ratio uses standard deviation (a measure of volatility) and return in excess of the risk-free rate to determine reward per unit of risk. The higher the number, the better the portfolio's historical risk-adjusted performance.

How to set up an employer-sponsored CollegeAmerica plan

Employer, benefits coordinator or human resources representative works with the plan's financial professional to:

- ✓ **Review the CollegeAmerica plan.**
- ✓ **Select how employees will fund the plan by completing the CollegeAmerica Employer Authorization Form.**

Employees can only contribute through payroll deferrals by selecting from the following two options:

- Automatic deduction from the employee's paycheck
- Automatic deductions from the employee's bank account through automated clearing house (ACH)

- ✓ **Return the completed authorization form to American Funds Service Company.**
- ✓ **Schedule a meeting and inform employees.**

Work with the plan's financial professional to schedule a date, time and place for an informational meeting about the CollegeAmerica 529 employer-sponsored plan. Send invitations to employees for the meeting.

- ✓ **Conduct the meeting.**

At the meeting, your financial professional will provide the CollegeAmerica client conversation kit – employer-sponsored plan and prospectuses to each employee.

- ✓ **Have employees complete their applications.**

Have each employee fill out the **Employer-Sponsored CollegeAmerica Account Application** included in the participant kit. Have them return their completed applications to American Funds Service Company. The employee establishing the account must be an individual owner (trusts, entities, or UGMA/UTMA registrations are not allowed).

For more information about CollegeAmerica, visit capitalgroup.com/529.

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectus, summary prospectus 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.

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