CollegeAmerica®

Combining tax planning and
529 education savings plans

CAPITAL GROUP®

529 education savings plans offer income and estate tax benefits, while providing for the educational needs of your loved ones.

Integrating CollegeAmerica into your larger wealth transfer strategy is a simple way to lower your potential taxable estate and leverage the benefits of income tax-deferred growth, while seeking to ensure that education remains a priority for future generations. There are no income restrictions: Anyone can open a 529 account regardless of how much money they make.

Transfer considerable assets

You can make substantial contributions without incurring the federal gift tax by using annual exclusions, including a special accelerated gifting election as well as your available lifetime estate and gift-tax exemption. (Tax-advantaged treatment applies to savings used for qualified education expenses. State tax treatment varies.) Some options to consider:

- Use annual exclusions:
  - Contribute up to $19,000 for 2026 ($38,000 if you're married) per beneficiary without gift-tax consequences.
  - Under a special accelerated gifting election, you can combine up to five years of contributions into one lump sum of up to $95,000 in one calendar year for 2026 ($190,000 if you're married), per beneficiary without gift-tax consequences. 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 with in 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.
- Use your available lifetime gift-tax exemption:
  - You may contribute amounts in excess of your annual exclusions, but the excess will be applied against your lifetime gift-tax exemption limit of $15 million for 2026 ($30 million if you're married).

Open multiple accounts

- Anyone of any age can be the beneficiary of your account – not just family members and not just school-age children. You can even name yourself as beneficiary for your own future education aspirations, and you can also change beneficiaries to another eligible family member.
- You may open accounts for as many beneficiaries as you like.

Pay tuition, not taxes

- Earnings in the account grow tax-free.
- Withdrawals for qualified education expenses are tax-exempt. In addition to tuition, fees, and certain room and board expenses for higher education institutions (e.g., private, public and community colleges, etc.), qualified education expenses include certain expense in connection with enrollment or attendance at an elementary or secondary public, private or religious school (kindergarten through 12th grade), including but not limited to tuition, curriculum materials, textbooks, online education materials, certain standardized testing fees (e.g., SAT, ACT, advanced placement exams), up to a maximum of $10,000 (increasing to $20,000 for 2026) per calendar year per beneficiary. Also, qualified education expenses include expenses for 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, as well as fees for required testing and continuing education.
- Withdrawals may also be used to pay 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.
- You may choose to prioritize capturing additional tax-deferred growth by paying tuition expenses with funds outside of the 529 account, leaving the 529 assets intact for future education needs.

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 the 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.

Retain financial control

- As the account owner, you control the assets as well as the amount and timing of withdrawals.
- Transfer unused assets between 529 accounts without a penalty when the beneficiaries are in the same family.
- You may change the beneficiary of the account at any time (although there may be tax and/or penalty consequences for doing so).
- Account owners can roll up to $35,000 into a Roth Individual Retirement Account (IRA) for the beneficiary, tax and penalty-free, over their lifetime (subject to limitations).*

CollegeAmerica is a nationwide plan sponsored by
Commonwealth Savers℠

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

Pursue two goals in one: College savings and estate planning

529 plans are an attractive option for tax-sensitive investors with ambitious savings goals and wealth transfer objectives. Funding 529s is a simple way to move current value (and future appreciation) out of your taxable estate, while also capturing income tax-deferred growth on the assets within the plan.

Hypothetical example of how a married couple may be able to contribute to multiple beneficiaries without having to pay gift taxes

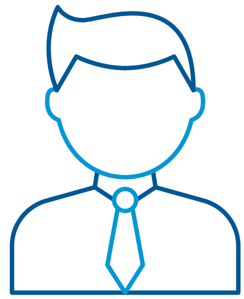
Assumptions:

- The only gifts given to each beneficiary during the year were 529 gifts.
- Lifetime gifts don't exceed lifetime gift-tax exemption limit.

For tax year 2026, tax benefits allow you to contribute up to $19,000 ($38,000 for married couples) annually without gift-tax consequences. Under a special election, you can invest up to $95,000 ($190,000 for married couples) at one time by accelerating five years' worth of investments. 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.

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 $15,000,000 for 2026.

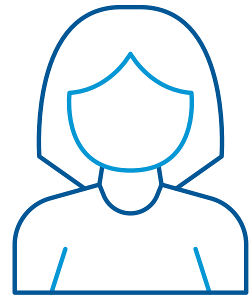
Important: The IRS has questioned whether favorable transfer tax treatment is available if contributions to a 529 account are intended for purposes other than qualified education expenses of the designated beneficiary.



Grandchild 1

$190,000 annual exemption
$360,000 lifetime exemption

$550,000 account maximum contribution



Grandchild 2

$190,000 annual exemption
$360,000 lifetime exemption

$550,000 account maximum contribution

In the above scenario, a married couple with two grandchildren could contribute $190,000 as a five-year accelerated gift for each grandchild. An additional $360,000 per child could be contributed, and those funds would count toward the couple's lifetime gift tax exemption. CollegeAmerica's contribution limit allows clients to invest until the account's balance (including any earnings) reaches $550,000.

Footnote/Important information:

*To qualify, the Roth IRA must be in the name of the beneficiary, and the 529 savings account must have been open for at least 15 years. The amount to be rolled over must have been in the account for at least five years and is subject to Roth IRA annual contribution limits.

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.

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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