

# 529 Update and 4Q16 Performance Rankings

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Brian Boswell

VP Research & Development

[Savingforcollege.com](http://Savingforcollege.com)



# Agenda

1. 529 News
2. 4Q16 Performance Rankings
3. 4Q16 Topic – Grandparents

# Industry News

## H.R. 529 (115<sup>th</sup> Congress)

- Employer tax incentives
- Removes twice-annual reallocation
- Allows rollovers from 529s to ABLE
- No penalty for:
  - Payment of student loans
  - Donations to charity

# State News

- DC announces program manager change to Ascensus
- IL issues RFP for new advisor-sold plan
- OH RFI for CollegeAdvantage
- MD renewed with T. Rowe
- VA may limit benefits on prepaid plans
- Over a dozen states launch ABLE plans

# Industry Statistics

- \$252 billion in 529 savings at 12/31/16
  - Up 1.6% from \$248B at 9/30/16
  - Up 9.3% from \$230.5B at 12/31/15
- Net inflows of \$2.7B vs. \$2.6B in 4Q15
- 12 million savings accounts
  
- \$23B in prepaid plans with 1.1mm accounts (down from \$24B in 3Q16)

Source: Strategic Insight

# SFC's Quarterly 529 Performance Rankings

- 7 asset-allocation categories
- Select 529 portfolios in each category
- Compare 1-, 3-, 5-, and 10-yr performance
- Both "Category" and "Composite" Rankings
  - Direct-sold
  - Advisor-sold NAV
  - Advisor-sold POP
  - RIA channel
- **100% transparent**

# Direct Sold Recap

| 529 Plan   | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--|------|------|------|-------|
| Nevada: USAA 529 College Savings Plan                              | 1    |      |      |       |
| Alaska: T. Rowe Price College Savings Plan                         | 2    |      | 3    |       |
| Alaska: University of Alaska College Savings Plan                  | 3    |      | 4    |       |
| West Virginia: SMART529 WV Direct College Savings Plan             | 4    |      |      |       |
| Tennessee: TNStars College Savings 529 Program                     | 5    | 5    |      |       |
| District of Columbia: DC 529 College Savings Program (Direct-sold) |      | 1    | 1    |       |
| New York: New York's 529 College Savings Program -- Direct Plan    |      | 2    | 5    | 2     |
| Michigan: Michigan Education Savings Program                       |      | 3    |      |       |
| California: The ScholarShare College Savings Plan                  |      | 4    |      |       |
| Ohio: Ohio CollegeAdvantage Direct 529 Savings Plan                |      |      | 2    | 3     |
| Utah: Utah Educational Savings Plan (UESP)                         |      |      |      | 1     |
| Florida: Florida 529 Savings Plan                                  |      |      |      | 4     |
| Pennsylvania: Pennsylvania 529 Investment Plan                     |      |      |      | 5     |

# Advisor Sold NAV Recap

| 529 Plan   | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--|------|------|------|-------|
| Texas: Lonestar 529 Plan   | 1    |      |      |       |
| Nebraska: Nebraska Education Savings Trust - Advisor                   | 2    | 3    |      |       |
| District of Columbia: DC 529 College Savings Program (Advisor-sold)    | 3    | 1    | 2    | 2     |
| South Carolina: Future Scholar 529 College Savings Plan (Advisor-sold) | 4    | 5    | 5    |       |
| Virginia: CollegeAmerica   | 5    | 4    |      | 1     |
| Nevada: Putnam 529 for America   |      | 2    | 1    |       |
| Colorado: Scholars Choice College Savings Program                      |      |      | 3    |       |
| Maine: NextGen College Investing Plan -- Client Select Series          |      |      | 4    | 4     |
| Oregon: MFS 529 Savings Plan   |      |      |      | 3     |
| Alaska: John Hancock Freedom 529                                       |      |      |      | 5     |



# Advisor Sold POP Recap

| 529 Plan   | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--|------|------|------|-------|
| District of Columbia: DC 529 College Savings Program (Advisor-sold)    | 1    | 1    | 2    | 2     |
| South Carolina: Future Scholar 529 College Savings Plan (Advisor-sold) | 2    | 2    | 4    | 5     |
| Colorado: Scholars Choice College Savings Program                      | 3    | 3    | 3    |       |
| New Jersey: Franklin Templeton 529 College Savings Plan                | 4    |      |      |       |
| Virginia: CollegeAmerica   | 5    | 4    | 5    | 1     |
| Nevada: Putnam 529 for America   |      | 5    | 1    |       |
| Oregon: MFS 529 Savings Plan   |      |      |      | 3     |
| Maine: NextGen College Investing Plan -- Client Select Series          |      |      |      | 4     |

# RIA Recap

| 529 Plan  | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|---|------|------|------|-------|
| South Carolina: Future Scholar 529 College Savings Plan (Class Z) | 1    | 1    | 1    | 2     |
| Connecticut: (CHET) -- Advisor Plan (Class E)                     | 2    |      |      |       |
| Virginia: CollegeAmerica (Class 529-F)                            | 3    | 2    | 3    | 1     |
| West Virginia: The Hartford SMART529 (Class E)                    | 4    |      | 5    | 5     |
| Nebraska: TD Ameritrade 529 College Savings Plan                  | 5    | 4    |      |       |
| Wisconsin: Tomorrow's Scholar 529 Plan (Class W)                  |      | 3    |      |       |
| Nevada: SSGA Upromise 529 Plan                                    |      | 5    |      |       |
| Colorado: Scholars Choice College Savings Program (Class O)       |      |      | 2    |       |
| Illinois: Bright Directions College Savings Program (Class F)     |      |      | 4    | 4     |
| Kansas: Schwab 529 College Savings Plan                           |      |      |      | 3     |

# Grandparents

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Items to consider when discussing  
529 plans with clients who are  
grandparents



# Benefits to Grandparents

Retirees and, specifically, grandparents benefit greatly from 529 plans:

- Completed gifts
- Total control
- Revocable
- Tax benefits – Federal and State
- Flexibility
- Large account caps
- Superfunding

# Great for RMDs

Required minimum distributions: The bane of the retired

Continued tax-  
-deferred growth  
WITH control



# Fantastic for networking

529 plans are a great option not just for building relationships with clients, but expanding your advisor business:

1. Would your children want their own accounts?
2. Are there aunts, uncles, or family friends that might want a college savings account?

# Drawbacks

529 plans are a great option: So what's the catch?

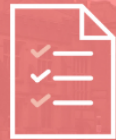
- Normal drawbacks of a 529:
  - Must be used for QHEE
  - Limited investment selection
- Plus: Financial aid for grandparents works differently

# More subscriber benefits!



## 529 PLAN COMPARISON TOOL

Compare 529 plans by over 40 different features, including available investment options, residency requirements and state tax benefits.



## 529 PLAN INVESTMENT OPTIONS

View the expense ratio, investment return and asset allocation of each plan's underlying portfolio in an easy-to-read format.



## 529 PLAN DETAILS

Get key information on each state's available 529 plans to help clients make informed decisions.



## 529 PLAN METRICS

Access 529 plan performance rankings 5-Cap Ratings, fee comparison and asset allocation study.



## PORTFOLIO & FEE LOOKUP

Review expense ratios and historical performance for each plan's underlying investment options.



## ADVISOR RESOURCES

Download client-friendly handouts and presentations that highlight key benefits and best practices related to college planning and 529 plans.

As a paid subscriber, be sure to take advantage of all the great resources to which you have exclusive access:

- Advisor-plan portfolio data
- Performance Rankings
- Portfolio Fee & Performance Lookup
- Portfolio Rankings
- Practice Building Resources
- Professional articles
- Superfunding Calculator



# Questions?

Brian Boswell

[brian@savingforcollege.com](mailto:brian@savingforcollege.com)

