

# 529 Update and 2Q16 Performance Rankings

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# Agenda

1. 529 News
2. 2Q16 Performance Rankings
3. 2Q16 Topic - QHEE
4. Questions?

# Industry News

- Multiple ABLE plans launched
  - FL, NE, OH, TN
- Wealthfront to launch new 529 plan
- Rhode Island launches updated plans
  - CollegeBound (Invesco, Advisor-sold)
  - CollegeBound Saver (Direct)
- New tax deduction in MA
  - \$1,000 deduction to U.Fund

# Earlier FAFSA filing date

- Students will be able to file a 2017–18 FAFSA as early as Oct. 1, 2016, rather than beginning on Jan. 1, 2017
- Change from Prior Year effective with 2017-18 FAFSA
- 2015 becomes base year for both the 2016-17 FAFSA and the 2017-18 FAFSA
- Grandparents can start withdrawing 529s a year earlier than before, without it affecting EFC

# Industry Statistics

- \$242.7 billion in 529 savings at 6/30/16
  - Up 3.1% from \$235.4B at 3/30/16
  - Up 3.4% from \$234.7B at 6/30/15
- Net inflows of \$3.2B in 2Q 2016
  - Down from \$3.4B inflows in 2Q 2015

Source: Strategic Insight

# SFC's Qtrly 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
Michigan: Michigan Education Savings Program	1	4		
Tennessee: TNStars College Savings 529 Program	2	3		
South Carolina: Future Scholar 529 College Savings Plan (Direct-sold)	3			
New York: New York's 529 College Savings Program -- Direct Plan	4	2	2	4
Nebraska: Nebraska Education Savings Trust - Direct College Savings Plan	5			
District of Columbia: DC 529 College Savings Program (Direct-sold)		1	1	
California: The ScholarShare College Savings Plan		5		
Louisiana: START Saving Program				2
Alaska: University of Alaska College Savings Plan			3	3
Maine: NextGen College Investing Plan -- Client Direct Series			4	
Illinois: Bright Start College Savings Program -- Direct-sold Plan			5	
Utah: Utah Educational Savings Plan (UESP)				1
Florida: Florida 529 Savings Plan				5

# Advisor Sold NAV Recap

529 Plan	1 Yr	3 Yr	5 Yr	10 Yr
Virginia: CollegeAmerica	1	2	3	1
Oregon: MFS 529 Savings Plan	2			2
District of Columbia: DC 529 College Savings Program (Advisor-sold)	3	1	1	3
Indiana: CollegeChoice Advisor 529 Savings Plan	4	3		
Wisconsin: Tomorrow's Scholar 529 Plan	5	5		
South Carolina: Future Scholar 529 College Savings Plan (Advisor-sold)		4	5	
Colorado: Scholars Choice College Savings Program			2	
Nevada: Putnam 529 for America			4	
Maine: NextGen College Investing Plan -- Client Select Series				4
Alaska: John Hancock Freedom 529				5



# Advisor Sold POP Recap

529 Plan	1 Yr	3 Yr	5 Yr	10 Yr
Virginia: CollegeAmerica	2	3	2	1
Oregon: MFS 529 Savings Plan				3
District of Columbia: DC 529 College Savings Program (Advisor-sold)	1	1	1	2
Indiana: CollegeChoice Advisor 529 Savings Plan	5	4	5	
Wisconsin: Tomorrow's Scholar 529 Plan	4	5		
South Carolina: Future Scholar 529 College Savings Plan (Advisor-sold)	3	2	4	5
Colorado: Scholars Choice College Savings Program			3	
Maine: NextGen College Investing Plan -- Client Select Series				4

# RIA Recap

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

# Review of QHEEs

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Qualified Higher Education  
Expenses

# Be smart about QHEEs

529 plans have matured over the past twenty years, and withdrawals are rising as a result: This is a good thing!

However, you need to be ready to answer client questions about QHEEs, which are not always straightforward.

# QHEE Basics


Qualified expenses are incurred **by the student** in relation to enrollment or attendance at a university.

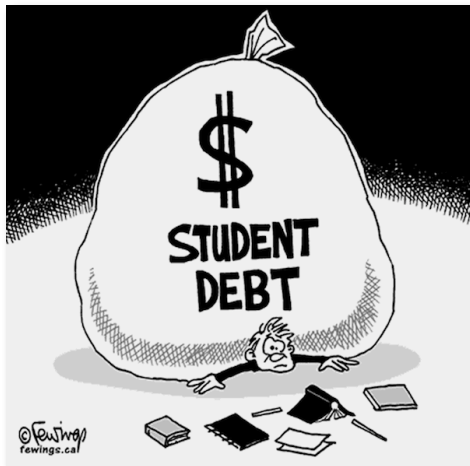
Withdrawals taken from a 529 plan must be taken in the same calendar year that the qualified expenses are paid.

# So- what are QHEEs?

- Tuition, fees, books, supplies, and equip.
- Special needs services
- Room and board
- Thanks 2015 PATH Act! Computers, peripheral equip., software, and internet access now qualify!

# What's NOT a QHEE?

- Travel 
- Sports & activity fees
- Student loans
- Electronics
- Insurance



# AOTC and Lifetime Learning Credit

If your client qualifies and wants to claim the AOTC or Lifetime Learning Credit, they must subtract those expenses from QHEE





# Penalty-free withdrawals

Special situations exempt from 10% penalty on earnings BUT would still pay income tax

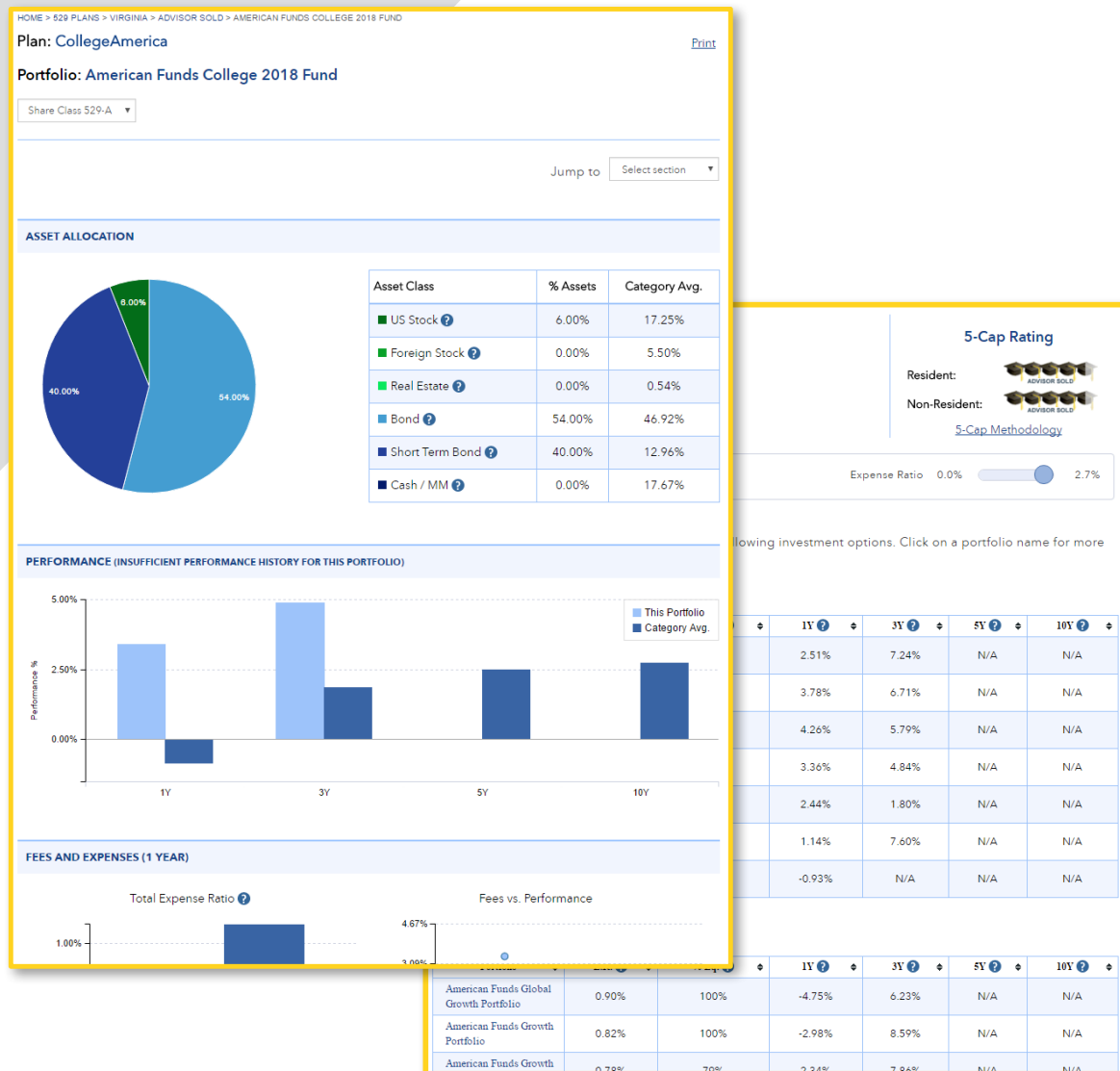
- Scholarships and grants
- Veteran's assistance
- Death
- Disability
- Attendance at a U.S. military academy

# Unusual Situations

- Expenses paid by a third-party
- Gap year expenses
- Study abroad programs



# New SFC Tools!



Our new Investment Options pages provide details of each 529 plan's underlying investments in a visually-friendly and easy to read format, including:

- Risk category
- Expense ratio
- Historical returns
- Asset allocation

# Questions?



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