

# 529 Update and 3Q16 Performance Rankings

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# Agenda

1. 529 News
2. 3Q16 Performance Rankings
3. 3Q16 Topic – Year-end considerations

# Industry News

- Future Scholar launches automatic C- to A-share conversions for purchases after 8/31/2016
- Wealthfront launches new 529 plan
- New Direct 529 RFP from Washington
- Virginia prePAID to limit future benefits
- Reminder: New tax deduction in MA
  - \$1,000 deduction to U.Fund contributors

# Earlier FAFSA filing date

- Students may now 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

- \$248 billion in 529 savings at 9/30/16
  - Up 2.2% from \$242.7B at 6/30/16
  - Up 12% from \$221.4B at 9/30/15
- 11.9 million savings accounts
- \$24B in prepaid plans with 1.1mm accounts

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
Alaska: T. Rowe Price College Savings Plan	1		1	
Alaska: University of Alaska College Savings Plan	2		2	4
Virginia: Virginia529 inVEST	3			
Tennessee: TNStars College Savings 529 Program	4	2		
Louisiana: START Saving Program	5			5
Michigan: Michigan Education Savings Program		5		
New York: New York's 529 College Savings Program -- Direct Plan		3	4	2
Ohio: Ohio CollegeAdvantage Direct 529 Savings Plan		4		3
Maine: NextGen College Investing Plan -- Client Direct Series			5	
District of Columbia: DC 529 College Savings Program (Direct-sold)		1	3	
Utah: Utah Educational Savings Plan (UESP)				1

# Advisor Sold NAV Recap

529 Plan	1 Yr	3 Yr	5 Yr	10 Yr
Virginia: CollegeAmerica	1	3		1
Oregon: MFS 529 Savings Plan	2			2
Nebraska: Nebraska Education Savings Trust - Advisor College Savings Plan	3			
Wisconsin: Tomorrow's Scholar 529 Plan	4	5		
New Hampshire: Fidelity Advisor 529 Plan	5			
District of Columbia: DC 529 College Savings Program (Advisor-sold)		1	2	3
Nevada: Putnam 529 for America		2	1	
South Carolina: Future Scholar 529 College Savings Plan (Advisor-sold)		4	4	
Colorado: Scholars Choice College Savings Program			3	
Indiana: CollegeChoice Advisor 529 Savings Plan			5	
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
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	3	5
Virginia: CollegeAmerica	3	4		1
Colorado: Scholars Choice College Savings Program	4	5	4	
Wisconsin: Tomorrow's Scholar 529 Plan	5			
Nevada: Putnam 529 for America		3	1	
Indiana: CollegeChoice Advisor 529 Savings Plan			5	
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
Virginia: CollegeAmerica (Class 529-F)	1	1	3	1
Nebraska: TD Ameritrade 529 College Savings Plan	2	5	5	
Wisconsin: Tomorrow's Scholar 529 Plan (Class W)	3	3		
South Carolina: Future Scholar 529 College Savings Plan (Class Z)	4	2	1	2
West Virginia: The Hartford SMART529 (Class E)	5		4	4
Nevada: SSGA Upromise 529 Plan		4		
Kansas: Schwab 529 College Savings Plan				3
Colorado: Scholars Choice College Savings Program (Class O)			2	
Illinois: Bright Directions College Savings Program (Class F)				5

# Year-End Considerations

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Items to consider and discuss with  
college savings participants using  
529 savings plans



# Opportunities remain

2016 drawing to a close

- Review QHEE
- State contribution requirements
- Withdrawal strategies
- Estate planning

# State contribution requirements

- State tax benefit contribution deadlines
- Contribution postmark vs. received date
- Trade corrections unavailable in many states

# Withdrawal strategies

- Better too early than too late
- Bills paid in 2016 should be withdrawn in 2016
- Parent- vs. grandparent-owned account
- Careful of the AOTC
- Watch the distribution recipient

# Year-end estate planning

- Reluctance to gift not applicable with 529 plans
- Annual gift tax exclusion: Use it or lose it
- Assets in 529 removed from the estate
- Careful of gifts outside a 529
- Superfunding!

# 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?

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