

**CollegeAmerica<sup>®</sup>**  
Employer-sponsored 529 guide



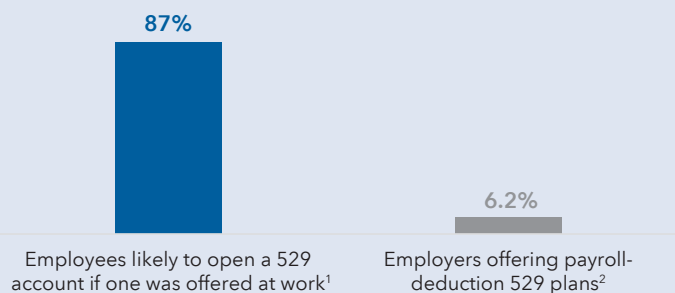
CollegeAmerica is a nationwide plan sponsored by **Virginia529<sup>™</sup>**

# 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 employee-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



As the chart on the left shows, 87% of employees<sup>1</sup> said they would be likely to open a 529 account if one was offered at work, yet only 6.2% of employers<sup>2</sup> offer payroll-deduction 529 plans.

<sup>1</sup> 529 Industry Analysis (2022 edition), ISS Market Intelligence.

<sup>2</sup> New Proprietary Survey on the 529 Employer Channel, ISS Market Intelligence, 6/13/22.

**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 a million families, CollegeAmerica is the nation's largest 529 savings plan.<sup>3</sup> This tax-advantaged 529 savings plan can help employees save and pay for educational costs for their loved ones and themselves.



## **Tuition and related fees,**

including colleges, trade and vocational schools, community colleges, theological seminaries, international schools, study abroad programs run through U.S. eligible schools and an elementary or secondary private or religious school (kindergarten through 12th grade) up to a maximum of \$10,000 incurred during the taxable year per beneficiary. Qualified education expenses also includes expenses for fees, books, supplies and equipment required by a designated beneficiary for certain apprenticeship programs.



## **Books, computers and other**

**supplies,** such as textbooks, paper, pens, laptops, printers, educational software and internet services. (Excludes expenses related to K-12.)



**Student loans** – qualified education expenses include amounts paid as 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.

Tax-advantaged treatment applies to savings used for qualified education expenses. State tax treatment varies. 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.

<sup>3</sup> Largest by assets, according to the *529 Quarterly Data Update, Fourth Quarter 2022* from ISS Market Intelligence. As of 12/31/22, CollegeAmerica's assets under management (AUM) was \$74.6 billion.

# 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 pay for a loved one's primary, secondary and college education.
- Build their own skills and knowledge by helping employees save and pay for graduate school, technical and professional training programs and apprenticeships.
- 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.<sup>4</sup>
- Low minimum investment – can open a plan with as little as \$25.



### Time-tested flexible investments

- Access to American Funds mutual funds, which have produced superior outcomes.<sup>5</sup> Past performance does not guarantee future results.
- 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](https://capitalgroup.com/individual/planning/college-savings.html)

- **Learn** how to build a plan based on their 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.

<sup>4</sup> 529 College Savings Quarterly Fee Analysis, Fourth Quarter 2022 from ISS Market Intelligence. CollegeAmerica's fees were in the lowest fee quartile of the 31 national advisor-sold 529 plans and in the second lowest fee quartile of the 29 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. The 0.58% average annual asset-based fee for CollegeAmerica's Class 529-F-2 shares was significantly lower than the 0.65% average annual asset-based fee for national fee-based, advisor-sold 529 plans.

<sup>5</sup> Based on Class 529-E share results as of 12/31/22. Equity-focused mutual funds have beaten their Lipper peer indexes in 80% of 10-year periods and 94% of 20-year periods. Rolling monthly 10- and 20-year periods start with the first 10- or 20-year period after each mutual fund's inception through 12/31/22. Periods covered are the shorter of the fund's lifetime or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary. Past results are not predictive of results in future periods. Relative to their peers, our fixed income mutual funds have helped investors achieve better diversification through attention to correlation between bonds and equities. Ten of the 12 taxable fixed income American Funds mutual funds that have been in existence for the three-year period showed a three-year correlation lower than their respective Morningstar peer group averages. S&P 500 Index was used as an equity market proxy. Correlation based on monthly total returns. Correlation is a statistical measure of how two securities move in relation to each other. A correlation ranges from -1 to 1. A positive correlation close to 1 implies that as one security moves, either up or down, the other security will move in "lockstep," in the same direction. A negative correlation close to -1 indicates that the securities have moved in the opposite direction. Class 529-E shares were first offered on 2/15/02. Class 529-E share results prior to the date of first sale are hypothetical based on the results of the original share class of the fund without a sales charge, adjusted for typical estimated expenses. Results for certain funds with an inception date after 2/15/02 also include hypothetical returns because those funds' Class 529-E shares sold after the funds' date of first offering. Refer to [capitalgroup.com](https://capitalgroup.com) for more information on specific expense adjustments and the actual dates of first sale.

# 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](https://capitalgroup.com/529).

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**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 American Funds Distributors, Inc. and sold through unaffiliated intermediaries.**

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