

529 savings payroll deduction

Program highlights



CAPITAL GROUP® | AMERICAN FUNDS®

Saving for education just got easier

Business owners of all sizes who are seeking an easy way to help employees save for education expenses can offer a 529 education savings plan for a lifetime of learning

 **Easy setup and maintenance** so you can focus on your business

 **Inexpensive program** to enhance your benefits package at no cost to the business

 **Quality investments** to help employees build a diversified portfolio

 **Convenient features for employees** to help them pursue education goals

Easy setup and maintenance

Your financial advisor can help you establish a payroll-deduction 529 program. It's a tax-advantaged investment vehicle that can help attract, motivate and retain employees. Once it's set up, there's little required of you. You don't even have to be concerned with the following:

- Contributions automatically deducted from employee paychecks.
- No IRS reports to complete.
- Employees manage their accounts directly with Capital Group, home of American Funds.

No costs for your business

A 529 education savings plan with payroll deductions is an easy way for many business owners to initiate a benefits program at their company, or augment an existing one. In other words, business owners would not have to deal with the following costs:

- No cost for setup and maintenance, unless your payroll provider charges to establish a payroll bridge.
- Funded directly from employee paychecks.
- No employer contributions required.

Quality investments

- American Funds College Target Date Series®.
- American Funds Portfolio Series.
- Several American Funds available in CollegeAmerica® for those seeking to build customized portfolios.

Convenient features for employees

- Employees have the ability to determine how much and how often to invest.
- Convenient automated contributions through payroll deduction.
- Employees don't incur up-front costs because they invest in an employer-sponsored plan only offered by their employer.
- After a job change, the account owner can continue to make contributions to the account.

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., which will be renamed Capital Client Group, Inc. on or around July 1, 2024, and sold through unaffiliated intermediaries.

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.

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On or around July 1, 2024, American Funds Distributors, Inc. will be renamed Capital Client Group, Inc.

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

How CollegeAmerica can help your employees

Tax advantages

- Employees won't pay federal taxes or, in almost every case, state taxes on withdrawals if they're used for qualified expenses such as room and board, required books and supplies, and tuition for higher education. 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, even though K-12 withdrawals are free from federal tax, they may not be exempt from state tax in certain states.
- Many states allow a deduction from or credit against state taxes for all or part of the contributions. Such deductions may be disallowed in the event of non-qualified withdrawals. Tax-advantaged treatment applies to savings used for qualified education expenses. State tax treatment varies.

Flexibility

- Employees can open an account for any beneficiary, no matter how much they earn.
- The account can be used to cover items including but not limited to 1) tuition and related fees for college, trade and vocational schools and community colleges 2) certain apprenticeship program expenses¹ 3) certain student loan expenses (up to a \$10,000 lifetime maximum)¹ and 4) K-12 tuition (up to \$10,000 incurred during the taxable year per beneficiary).¹
- They can continue investing until an account's value reaches \$550,000 – for each beneficiary.

Our 529 plan has been among Morningstar's highly rated advisor-sold 529 college savings plans since 2004, the year they began issuing ratings.²

- Employees can open an account for as little as \$25 using an employer-sponsored 529 plan.

Low fees and solid track record

- CollegeAmerica's fees are among the lowest for advisor-sold 529 college saving plans.³
- Equity-focused American Funds have beaten their Lipper peer indexes in 74% of 10-year periods and 89% of 20-year periods.⁴ Relative to their peers, our fixed income funds have helped investors achieve better diversification through attention to correlation between bonds and equities.⁵ Fund management fees have been among the lowest in the industry.⁶

Control

- A CollegeAmerica account stays in the employee's name, and the employee can control the timing and amount of withdrawals.
- They can change the account beneficiary as often as they like without worrying about taxes or penalties, as long as the new beneficiary is an eligible member of the family of the current beneficiary.

The advantages of a CollegeAmerica plan

	CollegeAmerica Account	Coverdell Education Savings Account	UGMA/UTMA Account	Taxable Investment Account
People of all income levels can contribute.	✓		✓	✓
Withdrawals for qualified expenses are free from federal taxes.	✓	✓		
State tax deductions/credits for residents of some states. Tax deductions may be disallowed in the event of non-qualified withdrawals.	✓			
Account owner always controls the account.	✓			✓
Beneficiary changes permitted.	✓	✓		n/a

¹ Withdrawals may not be exempt from state tax in certain states.

² Source: Morningstar, as of November 2, 2023. Ratings are based on the following criteria: process, people, parent and price. Prior to 2020, the ratings' criteria were process, people, parent, price and performance.

³ 529 College Savings Quarterly Fee Analysis, Fourth Quarter 2023 from ISS Market Intelligence. CollegeAmerica's fees were in the lowest fee quartile of the 32 national advisor-sold 529 plans and in the 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.

⁴ Based on Class 529-E share results for rolling monthly 10- and 20-year periods starting with the first 10- or 20-year period after each mutual fund's inception through December 31, 2023. 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. Class 529-E shares were first offered on February 15, 2002. 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 February 15, 2002, also include hypothetical returns because those funds' Class 529-E shares sold after the funds' date of first offering. Refer to [capitalgroup.com](https://www.capitalgroup.com) for more information on specific expense adjustments and the actual dates of first sale. Past results are not predictive of results in future periods.

⁵ Based on Class 529-E share results as of December 31, 2023. Nine of the 12 taxable fixed income American 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 a security and an index move in relation to each other. A correlation ranges from -1 to 1. A positive correlation close to 1 implies that as one moved, either up or down, the other moved in "lockstep," in the same direction. A negative correlation close to -1 indicates the two have moved in the opposite direction.

⁶ On average, our management fees were in the lowest quintile 55% of the time, based on the 20-year period ended December 31, 2023, versus comparable Lipper categories, excluding funds of funds.