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## SAVING FOR COLLEGE JUST GOT EASIER WITH THE PATH2COLLEGE 529 PLAN

One of the most important and costly expenses facing families today is how to plan and fund higher education costs. If the current national trend remains, higher education-related costs will continue to rise significantly in the coming years. Over the past decade, tuition and fees have risen at an average rate of 6.9% at 4-year public colleges and over 5.7% at private 4-year colleges. [Trends in Higher Education (2005), The College Board, NY, NY.]

These rising costs have made it increasingly difficult for parents to save sufficiently. In response, a number of states across the country, including Georgia, have introduced higher education savings programs, known as Section 529 Programs, which offer attractive tax advantages and flexibility. The **Path2College 529 Plan (the Plan)** offers families an easy and affordable way to prepare for funding future higher education expenses.

We are pleased to [(ANNOUNCE THE ADDITION)(REMIND YOU ABOUT THE AVAILABILITY)] of the **Path2College 529 Plan** as one of the payroll deduction benefits available to you as an employee of [EMPLOYER NAME]. Employees can elect to contribute on an after-tax basis to the plan via payroll deduction, contribute individually on their own, or a combination of both.

The Plan is managed by TIAA-CREF Tuition Financing, Inc. (TFI), a recognized leader in providing program management for Section 529 college savings plans.

### Key features of the Path2College 529 Plan include the following:

#### TAX ADVANTAGES

- **Georgia State Income Tax Deduction Advantage**—Contributions made to the Path2College 529 Plan by Georgia taxpayers are deductible up to a maximum of \$2,000 a year per Beneficiary. Effective with the 2007 tax year, all Georgia taxpayers may now contribute to a Savings Trust Account and deduct up to \$2,000 each year on behalf of any beneficiary, regardless of their annual income.
- **Tax-Deferred Earnings Opportunity**—Contributions and any earnings can grow free from federal and Georgia state income tax. Through the power of compounding, the money you save in a tax-deferred account can provide greater potential for growth.
- **Tax-Free Qualified Withdrawals**—The earnings portion of withdrawals used for qualified higher education expenses is free of both federal and Georgia state income tax.
- **Estate and Gift Tax Benefits**—If you are interested in estate and gift tax planning, you may also find the Plan attractive. Not only are you able to accelerate tax-free gifting from your estate, you maintain control of the money. Generally, no federal gift tax will be imposed on an Account Owner for gifts to a Beneficiary during a year if the Account Owner's contributions to an Account for the Beneficiary, together with all other gifts by the Account Owner to the Beneficiary for the year, do not exceed \$12,000 or \$24,000 for a married individual who elects to split gifts with his or her spouse. If an Account Owner's contributions to Accounts for a Beneficiary in a single year exceed \$12,000, the Account Owner may elect to treat up to \$60,000 of the contributions, or \$120,000 in the case of a consenting married couple, as having been made ratably over a five-year period.

#### FLEXIBILITY

- **Choice of Schools**—Funds can be used to pay for tuition, fees, certain room and board costs, books/supplies and equipment required for enrollment or attendance at colleges, universities or other post-secondary institutions nationwide, as well as abroad.
- **No Income Restrictions or Annual Contribution Limits**—Anyone (parents, grandparents, relatives or friends) at any income level can contribute to the Plan\*. The Plan has no annual maximum contribution limit, as long as the aggregate contributions to all accounts held for the same beneficiary do not exceed the lifetime maximum of \$235,000.
- **Transferability**—Should the Beneficiary decide not to attend college or has other funding options, the funds within the Plan can be transferred to certain other family members of the Beneficiary, including siblings, spouses, cousins and even possibly yourself. See the [Disclosure Booklet](#) for details.

\*Only Georgia taxpayers may be eligible for the Georgia state income tax deduction.

## INVESTMENT OPTIONS

- Currently, the Plan offers a range of investment choices. These choices vary in their investment strategy and degree of risk, allowing you to select an investment option or combination of investment options that best fits your individual needs, investment philosophy and risk tolerance. For additional information about each investment option, visit the website at [www.path2college529.com](http://www.path2college529.com) or request an enrollment kit by calling 1-877-424-4377.

The Program [Disclosure Booklet](#) should be read carefully before opening an Account.

## HOW TO ENROLL AND CONTRIBUTE

- ✓ **Enroll Online:**  
For a fast and convenient way to enroll, simply visit the Plan website at [www.path2college529.com](http://www.path2college529.com) and enroll directly online. See below for contribution options.
- ✓ **Enroll By Mail:**
  - Request a Plan Enrollment Kit by calling 1-877-424-4377
  - After carefully reading the Plan Disclosure Booklet and reviewing the materials within the Enrollment Kit, determine a contribution plan. See below for contribution options
  - Complete, sign and return the Plan account application, together with the initial contribution and instructions for ongoing contributions (if applicable), in the postage-paid envelope provided.
- ✓ **Initial and Ongoing Contributions:**
  - There is a \$25 minimum initial contribution required to open a Path2College 529 Plan account. Initial contributions, as well as subsequent contributions, can be made in a variety of ways: via electronic funds transfer, an automatic contribution plan from your checking or savings account, or by personal check.
  - After the initial contribution, you may establish ongoing contributions to the Plan through payroll deduction for as little as \$15 per pay period. Simply complete and sign the Plan Payroll Deduction Authorization Form (PDAF) included in the Enrollment Kit. Completed PDAFs should be mailed to the Plan and a copy should be provided to your payroll department

Visit [www.path2colleg529.com](http://www.path2colleg529.com) or call toll-free 1-877-424-4377

The Path2College 529 Plan is administered by the Board of Directors of the Georgia Higher Education Savings Plan (GHESP). TIAA-CREF Tuition Financing, Inc. (TFI) serves as Program Manager. TFI's affiliates, Teachers Personal Investors Services, Inc. (TPIS) and TIAA-CREF Individual & Institutional Services, LLC, member [FINRA](#), distribute the Path2College 529 Plan.

*The tax information contained on the Path2College 529 Plan Web site is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer. It was written to support the promotion of the products and services addressed in the Web site. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.*

*Consider the investment objectives, risks, charges and expenses before investing in the Path2College 529. Please call toll-free 1-877-424-4377 for a [Disclosure Booklet](#) containing this information. Read it carefully.*

*Before investing in a 529 plan, you should consider whether the state you or your designated beneficiary reside in or have taxable income in has a 529 plan that offers favorable state income tax or other benefits that are only available if you invest in that state's 529 plan.*

The State of Georgia, its agencies, TIAA-CREF Tuition Financing, Inc., Teachers Insurance and Annuity Association of America and its affiliates do not insure any account or guarantee its principal or investment return except for TIAA-CREF Life Insurance Company's guarantee to the Board of the Georgia Higher Education Savings Plan under the funding agreement for the Guaranteed Option. Account value will fluctuate based upon a number of factors, including general market conditions.

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