

CollegeAmerica[®]
529 college savings plan



CAPITAL | **AMERICAN**
GROUP[®] | **FUNDS**[®]

Invest in a brighter future



CollegeAmerica is a nationwide plan sponsored by **Virginia529**SM

Saving for a lifetime of learning

The gift of education at any stage of life, whether for a loved one or for yourself, is like no other. CollegeAmerica, a tax-deferred 529 savings plan can aid in lifelong learning – from K-12 to college, and through retirement – to achieve a better future.

What are the benefits?

- **Tax advantages** – Assets grow free from federal and, in many cases, state taxes, if withdrawals are used to pay qualified education expenses.
- **Flexibility** – You (the account owner), rather than the beneficiary, maintain oversight of account assets and determine the timing and amount of distributions.

Who can contribute?

- Parents
- Grandparents
- Beneficiaries
- Extended family and friends

Examples of qualified education expenses



Tuition and related fees

Includes:

- Trade and vocational schools
- Community colleges
- Theological seminaries
- International schools
- Study-abroad programs run through U.S.-eligible schools



Room and board*

On and off campus



Books and supplies*

Includes:

- Textbooks
- Paper
- Pens
- Additional supplies



Computers and supplies*

Includes:

- Computer
- Laptop
- Printer
- Educational software
- Internet services

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.

*Excludes expenses related to K-12.

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

CollegeAmerica

Helping more than
2.3 million future
students pursue
their dreams.¹



Available nationwide

CollegeAmerica is available in all 50 states and the District of Columbia.

Highly rated

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

Low expenses

According to Morningstar, CollegeAmerica's expenses are among the lowest of 529 college savings plans.³

Low startup amounts

You can open an account for as little as \$250 (the minimum investment per fund), but subsequent contributions can be as small as \$50.⁴

Three different investment approaches

Your financial advisor is the best person to help you select the CollegeAmerica investments that fit your education savings plans.

American Funds College Target Date Series[®]

Funds with target dates that correspond to a year a beneficiary would start taking withdrawals. The funds' investment mixes shift over time from growth to preservation-oriented as the target dates approach.

American Funds Portfolio SeriesSM

Funds of funds are designed to help investors pursue real-life goals, both in the long and short term.

Individual American Funds[®]

Individual American Funds for those seeking to create custom portfolios.

¹Strategic Insight, Q3 2018.

²"Morningstar Names Best 529 College-Savings Plans for 2018," October 30, 2018. Morningstar ratings are based on the following criteria: process, performance, price, people and parent.

³CollegeAmerica has some of the lowest expenses in the 529 industry, according to Morningstar's "529 College-Savings Plan Landscape", May 2016.

⁴The money market fund has a \$1,000 minimum initial investment. All available funds have a \$25 minimum if you participate in a CollegeAmerica employer-sponsored program.

Build savings today for a child's future

"We want to give Mia what we didn't have – the opportunity to obtain a college education without student loans. Our financial advisor suggested we get an early start so we opened a CollegeAmerica account shortly after we found out we were pregnant. We've even been lucky that family and friends are willing to chip in and contribute to the balance."

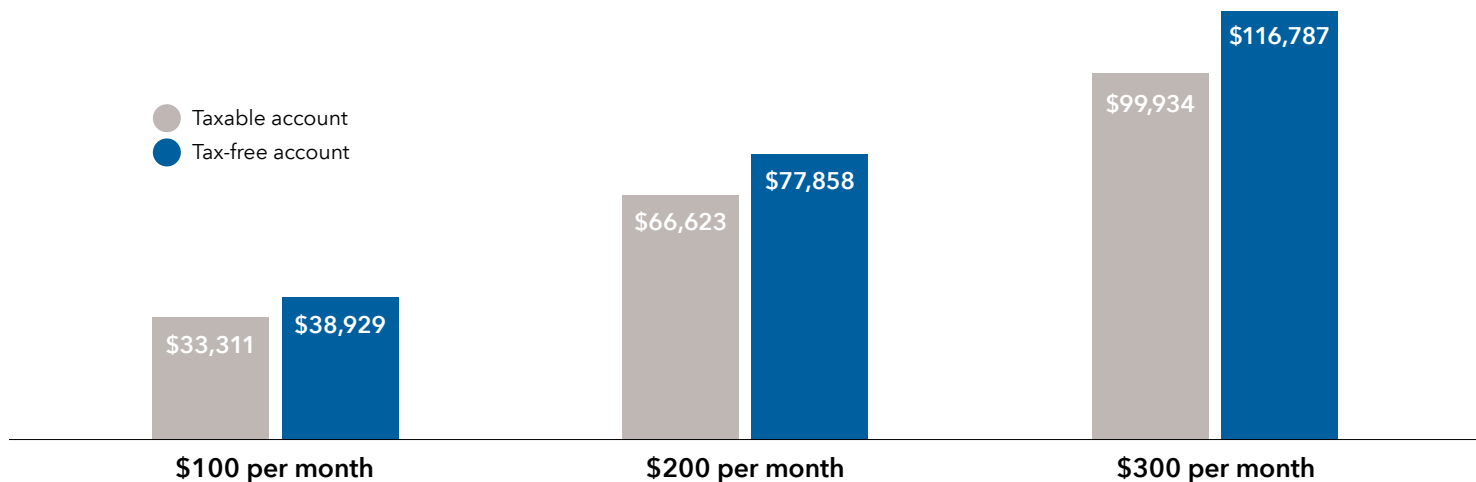


Start now. Tax savings add up over time.

Earnings in a CollegeAmerica account, unlike those in a taxable account, are free from federal and, in many cases, state taxes provided they're used to pay a broad range of qualified educational expenses.

The hypothetical example below illustrates how significant the tax benefits can be.

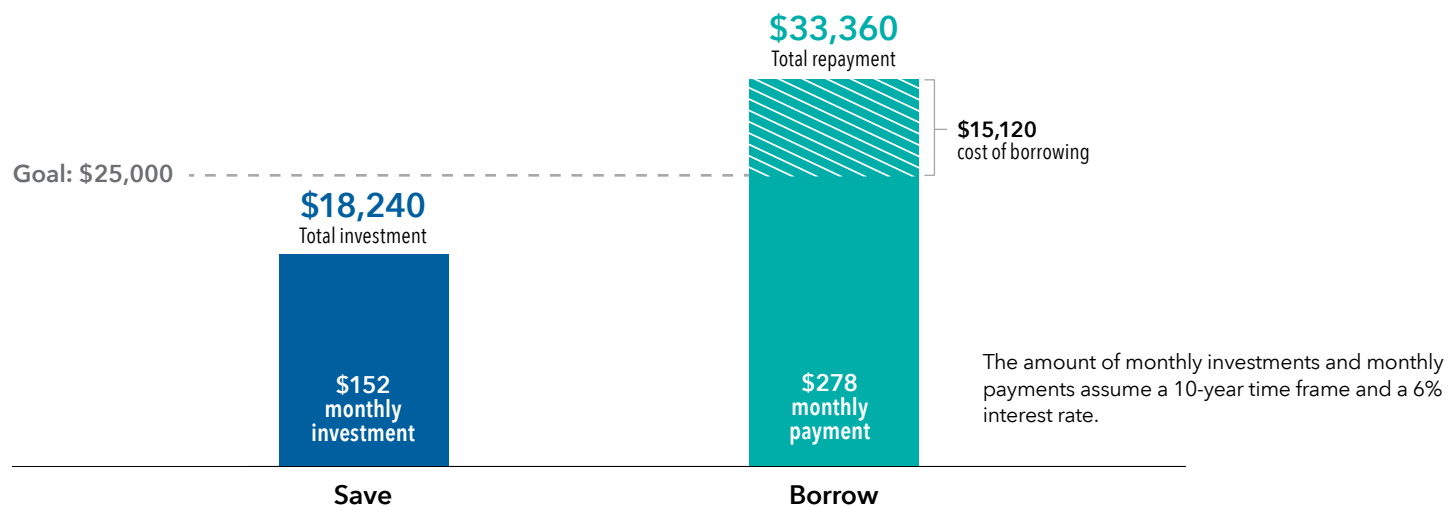
Account values after 18 years of saving



Assumes a 6% average annual rate of return (compounded monthly) for both investments and a 25% income tax rate. (The typical mutual fund investor falls into the 25% tax bracket.) Example assumes taxes were paid annually out of the account. Your tax rate may vary. Current minimum tax rates on capital gains and dividends could make taxable investment returns higher, thus reducing the difference between the two ending values. Results shown are hypothetical and are not intended to represent an investment in a specific fund. Your investment experience will differ. Regular investing does not ensure a profit or protect against loss. You should consider your willingness to keep investing when share prices are declining.

CollegeAmerica can help put someone through college without a mountain of debt.

Many families depend on financial aid to supplement their college savings. Let's compare two ways to pay for college that could save you money in the long run:



Saving for an education makes sense wherever you are in life.

529 plans can be used by anyone looking to go back to school to obtain a degree or seeking to take classes to learn a new skill or talent – just as long as the expenses are related to attendance at an eligible institution.

Sally

“As long as I can remember, I’ve always wanted to be a nurse. But I put off my dream to raise my son. When CollegeAmerica plans were first introduced, I opened an account with the money I had already saved for Liam’s education. Once Liam was out on his own, I used what was left to become a nurse and am now saving for my new dream: to become a doctor.”



Mike

“Five years before retiring, I decided my next adventure would be to own an Italian trattoria. I found a local community college that offered a year-long Italian cuisine course in Florence, Italy. On that day, I opened a CollegeAmerica account. Now, I can pay my tuition without having to tap into my retirement savings.”



The advantages of CollegeAmerica

	CollegeAmerica account	Coverdell education savings account	UGMA/UTMA account	Roth IRA	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	🎓				
Account owner always controls the account	🎓			🎓	🎓
Beneficiary changes permitted	🎓	🎓		🎓	N/A

Putting 529s to work for your estate

529 plans have estate planning benefits, as your contributions are free of gift taxes and can help pare down your estate and reduce potential estate taxes.

Sam & Ruth

"Emily, our advisor, knows we'd do anything for our seven grandchildren. When we met to set up an estate, she recommended we take advantage of a special gift-tax contribution by opening a CollegeAmerica account for each grandchild to help pay for their education while hopefully reducing future estate taxes."



How it works

Using a special gift-tax contribution that allows Sam and Ruth to make up to five years of contributions in one gift, they transfer \$150,000 into each grandchild's 529 account, incurring no gift taxes.



You can make sizable lump-sum investments or transfer significant assets out of an estate, including up to \$15,000 a year (\$30,000 for married couples) per beneficiary without gift tax consequences. Under a special election, you can also combine multiple years into one contribution of up to \$75,000 (\$150,000 for married couples) without gift-tax consequences.

For gift-tax purposes, the assets are considered completed gifts, but the grandparents – provided they own the accounts – control the assets and the withdrawals.

The Capital Advantage[®]

Since 1931, Capital Group, home of American Funds, has helped investors pursue long-term investment success. Our consistent approach – in combination with The Capital SystemSM – has resulted in a superior long-term track record.

Aligned with investor success

We base our decisions on a long-term perspective, which we believe aligns our goals with the interests of our clients. Our portfolio managers average 27 years of investment experience, including 20 years at our company, reflecting a career commitment to our long-term approach.¹

The Capital System

The Capital System combines individual accountability with teamwork. Funds using The Capital System are divided into portions that are managed independently by investment professionals with diverse backgrounds, ages and investment approaches. An extensive global research effort is the backbone of our system.

American Funds' superior long-term track record

Equity funds have beaten their Lipper peer indexes in 89% of 10-year periods and 97% of 20-year periods. Fixed income funds have beaten their Lipper indexes in 57% of 10-year periods and 62% of 20-year periods.² Fund management fees have been among the lowest in the industry.³

¹ Portfolio manager experience as of December 31, 2018.

² Based on Class A share results for rolling periods through December 31, 2018. 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. Please see americanfunds.com for more information on specific expense adjustments and the actual dates of first sale.

³ On average, our management fees were in the lowest quintile 70% of the time, based on the 20-year period ended December 31, 2018, versus comparable Lipper categories, excluding funds of funds.

Outside of CollegeAmerica, we offer more than 40 American Funds, the American Funds Target Date Retirement Series[®] (available for IRAs and tax-deferred retirement plans), as well as Coverdell Education Savings Accounts, the American Funds Insurance Series[®] variable annuity funds and a full line of retirement plan solutions. For details, please contact your financial professional or visit americanfunds.com.

The American Funds College Target Date Series allocation strategy does not guarantee that investors' education savings goals will be met. Investors and their advisors should periodically evaluate an investment to determine whether it continues to meet their needs. The target date is the year in which the beneficiary is expected to begin taking withdrawals. Investment professionals gradually adjust the portfolio over time so that it becomes more preservation-oriented.

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Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses, summary prospectuses 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.

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. Talk to your tax advisor.

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