

Florida Prepaid College Plan vs. 529 College Savings Plans

How do they compare?



INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

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Florida Prepaid College Plan vs. 529 College Savings Plans

The Florida Prepaid College Plan enables parents to purchase tomorrow's college education based on a projection of today's costs. By making a cash payment today, or agreeing to a schedule of cash payments, the Plan promises to pay future tuition and mandatory fees at public colleges, universities or community colleges in state. However, that benefit comes at a price — substantially less flexibility, and potential missed investment growth compared with 529 plans. Review the comparison below to see which type of plan may be right for you.

	Florida Prepaid College Plan	529 College Savings Plans
Eligibility		
Do I have to be a Florida resident to open an account?	The account owner or the beneficiary must have been a Florida resident for the past 12 months. Both must have a Social Security number or taxpayer identification number.	Most 529 plans do not require the account owner or beneficiary to reside in the plan's sponsoring state ¹ . Both must have a Social Security number or taxpayer identification number.
At what age/grade may a child be enrolled in the plan, i.e., named beneficiary?	Newborn through 11th grade.	Any age or grade; there are no restrictions, i.e., an adult may be named beneficiary.
When may I set up an account?	During the fall/winter open enrollment period only (11/1/13 – 2/28/14).	Anytime. There are no restrictions.
Coverage		
What expenses are covered?	"Qualified higher education expenses," which include: tuition and most fees. Room and board is not included. However, a separate University Dormitory Plan may be purchased. ²	"Qualified higher education expenses," which include: tuition, fees, books, supplies and equipment required for enrollment or attendance, plus room and board subject to certain limitations.
Which institutions are included?	Florida community colleges or state universities, plus community colleges, public and private 4-year colleges, universities, graduate and post-graduate programs, vocational and foreign schools included on the fafsa.ed.gov eligibility list.	Community colleges, public and private 4-year colleges, universities, graduate and post-graduate programs, vocational and foreign schools included on the fafsa.ed.gov eligibility list.
How long may a plan be used?	10 years from the beneficiary's enrollment date year selected on the application.	There is no set time period for using a plan.

¹ *The Best Way to Save for College – A Complete Guide to 529 Plans 2013-14*, Joseph F. Hurley; read the Program Disclosure Statement of any 529 Savings Plan of interest to determine if there are state residency requirements for the owner or beneficiary.

² www.myfloridaprepaid.com/what-we-offer/dormitory-plan; 11/18/13: The University Dormitory Plan is a prepaid plan designed to cover a standard, double occupancy room at a state university in Florida for 1 to 4 years (two to eight semesters). This amount can also be applied to other university-held housing, including some fraternity and sorority housing, both in and out of the state of Florida. It may be purchased as a Monthly Up to 18½ years Option, 5-year Option (55 payments), or Lump Sum Option. Assuming a plan is opened for a 3rd grader (age 8), birthday 6/21/05, with 10 years to save: 10-year Option = 115 monthly payments of \$272.94 first made 4/20/14, last made 10/20/23 = \$31,388; 5-year Option = 55 payments of \$514.46 first made 4/20/14, last made 10/20/18 = \$28,295; Lump Sum Option of \$26,816 made 4/20/14. Confirmed by Florida Prepaid Customer Service Agent on recorded line 1-800-552-GRAD (4723).

Florida Prepaid College Plan

529 College Savings Plans

Financial Considerations

What are the federal tax benefits?	Earnings are tax-free when used for qualified higher education expenses.	Earnings are tax-free when used for qualified higher education expenses.						
What are the Prepaid Plan payment options/ Savings Plans contribution minimums?	There are three payment options: Monthly Up to 18½ years, Monthly 5-year or Lump Sum.	Some programs have no contribution minimums; others do ³ . Many savings programs waive the initial minimum if you sign up for automatic investments. Subsequent contribution minimums will vary with \$25 or \$50 as typical amounts.						
Assuming an account is opened for a 3rd grader (age 8), with 10 years to save: How much would a Prepaid Plan cost⁴?	<table border="0"> <tr> <td>Monthly 10-yr Option:</td> <td>\$58,591</td> </tr> <tr> <td>Monthly 5-yr Option:</td> <td>\$52,818</td> </tr> <tr> <td>Lump Sum Option:</td> <td>\$50,057</td> </tr> </table>	Monthly 10-yr Option:	\$58,591	Monthly 5-yr Option:	\$52,818	Lump Sum Option:	\$50,057	Not applicable ⁵
Monthly 10-yr Option:	\$58,591							
Monthly 5-yr Option:	\$52,818							
Lump Sum Option:	\$50,057							
What if the beneficiary does not attend college?	All payments can be refunded to the owner dollar-for-dollar, without interest or earnings. The plan can also be transferred to another eligible beneficiary. For the owner to be named the new beneficiary, s/he may change ownership to a new owner who may then designate the former owner as the beneficiary.	The account owner may change the beneficiary according to the rules of a plan's Program Disclosure Statement. The owner may also designate him or herself as the new beneficiary.						
Client Service								
Who can I call or meet with to answer questions or resolve issues?	Call 1-800-552-GRAD (4723) Mon - Fri, 8am - 9pm to speak with a Customer Service Agent.	Call or set up an appointment to meet with your Financial Professional.						

³Read the Program Disclosure Statement of any 529 savings plan of interest to determine subsequent contribution minimums.

⁴www.myfloridaprepaid.com 11/18/13: Florida University Plan, assumes child's birthday 6/21/05; 10-year Option = 115 monthly payments of \$509.49 first made 4/20/14, last made 10/20/23; 5-year Option = 55 payments of \$960.33 first made 4/20/14, last made 10/20/18; Lump Sum Option of \$50,057.15 made 4/20/14. Confirmed by Florida Prepaid Customer Service Agent on recorded line 1-800-552-GRAD (4723).

⁵529 College Savings Plans do not have set prices. Contributions made into them are invested in mutual funds and other financial instruments. The goal of 529 Plans is for their value to grow over time to either keep up with or outpace the rising cost of college. There is no guarantee that 529 Plans will achieve that goal.

About Scholars Choice scholars-choice.com

At Scholars Choice — the robust 529 college savings plan from Legg Mason and CollegenInvest — we are dedicated to making it easier for our clients to pay for college. We fulfill this goal through expert active fund management, a variety of investment options, and tools and resources that make college financial planning easier.

About Legg Mason leggmason.com

- A leading global investment company, with \$656 billion⁶ in assets invested worldwide, focused on long-term, actively managed strategies
- A diverse family of specialized investment managers, each with its own independent approach to research and analysis
- Over a century of experience in identifying opportunities and delivering astute investment solutions to clients in equities, fixed income and alternatives

About CollegenInvest collegeninvest.org

CollegenInvest is a not-for-profit division of the Colorado Department of Higher Education, and a trusted resource providing 529 college savings plans, financial education, and scholarships for higher education.

Where can I find more information?

Visit scholars-choice.com.

⁶As of October 31, 2013.

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SCHX016067 410048 11/13 FN1314072