AMERICAN FUNDS®

From Capital Group

CollegeAmerica®
Combining Estate Planning and College Savings

529 college savings accounts offer benefits for your estate as well as your college-bound loved ones.

Transfer considerable assets

- Contribute up to $14,000 a year ($28,000 if you're married) per beneficiary without gift-tax consequences.
- Combine up to five years of contributions into one lump sum of up to $70,000 in one calendar year ($140,000 if you're married) per beneficiary without gift-tax consequences.[1]
- Contribute up to $350,000 per account.

Open multiple accounts

- Anyone can be your beneficiary – not just family members.
- Open accounts for as many beneficiaries as you like.

Pay tuition, not taxes

- Withdrawals for qualified expenses are tax-free.[2]
- Earnings in the account grow tax-free.

Retain financial control

- As the account owner, you control the assets as well as the amount and timing of withdrawals.
- Transfer unused assets between 529 accounts without a penalty when the beneficiaries are in the same family.

How it works

1. A married couple wants to contribute to college savings accounts for their five grandchildren. A special gift-tax election allows them to make up to five years of contributions in one gift.
2. They transfer $50,000 into each grandchild's 529 account. In doing so, they've put considerable money to work for their grandchildren and transferred $250,000 out of their estate.
3. For gift-tax purposes the assets are completed gifts, but the grandparents (provided they own the accounts) control the assets and the withdrawals.

[1] If you use the special gift-tax election to give the maximum five-year amount, for example, and then give other gifts to the same individual during the next four calendar years, you may face gift-tax consequences. If the contributor dies within five years of making the election, the portion of that contribution allocable to the remaining years is included in the contributor's estate for estate-tax purposes.

[2] Account owners can take back contributions, but if the money isn't used for qualified higher-education expenses then it becomes part of your estate again and any earnings are subject to a 10% federal tax penalty in addition to federal and, if applicable, state taxes. Tax issues can be complicated, so talk to your tax advisor.

Depending on your state of residence, there may be an in-state plan that provides tax and other benefits not available through CollegeAmerica®. Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses, summary prospectuses and the *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® and sold through unaffiliated intermediaries.

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

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