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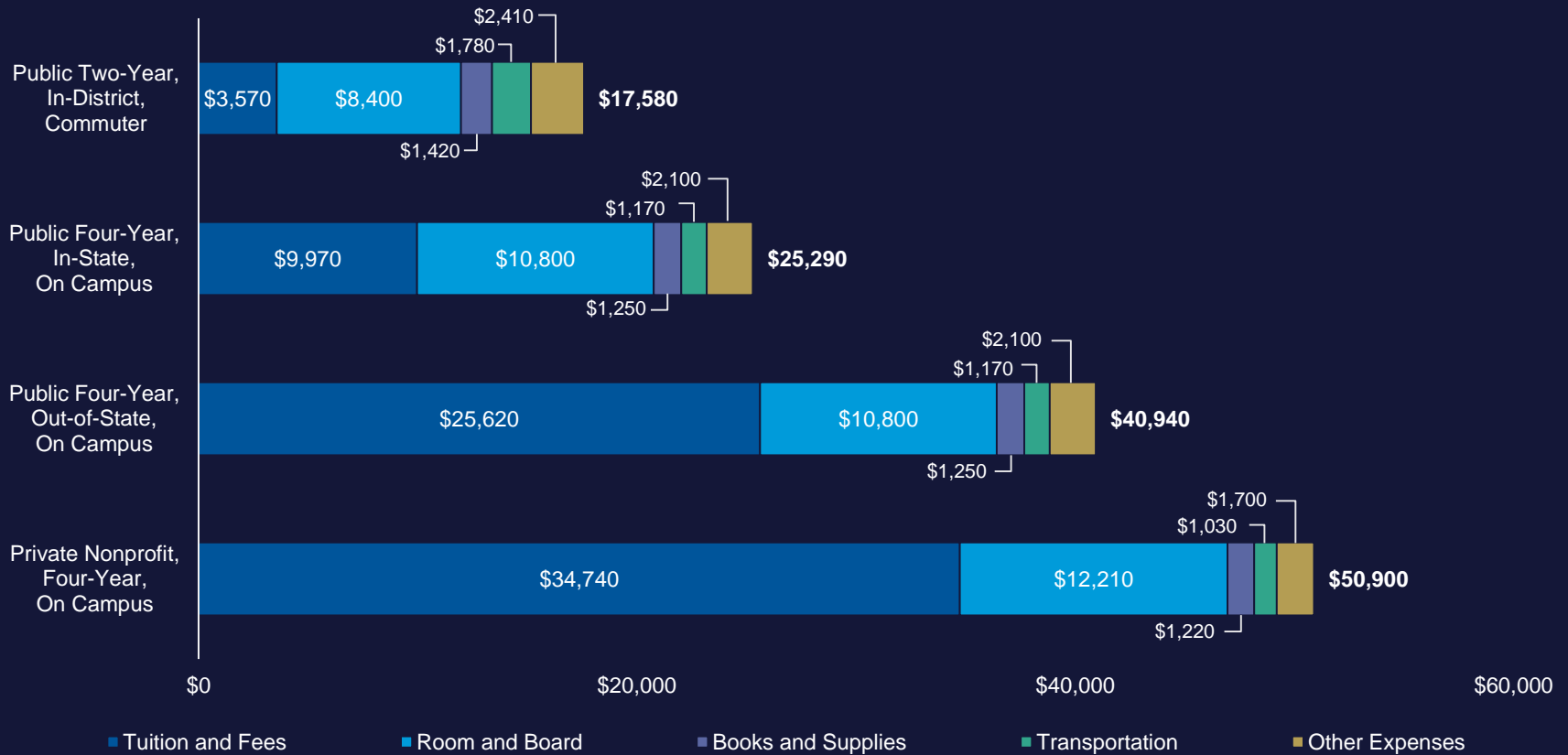
529 College Savings Plans: Simply the Smart Way to Save for College

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The Cost of College Today: Global Investment Committee

Exhibit 3: Average Estimated Costs for Full-Time Undergraduates, 2017 – 2018



Source: College Board, Annual Survey of Colleges: NCES, IPEDS Fall 2015 Enrollment data
 Global Investment Committee: 529 Plans, A Closer Look at a Versatile Solution, Sep. 20, 2018

The Cost of College Today

Public Universities

TEXAS	UCONN	THE UNIVERSITY OF ALABAMA	THE UNIVERSITY OF ARIZONA	THE UNIVERSITY of NORTH CAROLINA at CHAPEL HILL	ILLINOIS
● 53%	● 63%	● 62%	● 79%	● 46%	● 45%
●★ \$17,842	●★ \$20,192	●★ \$20,071	●★ \$16,622	●★ \$11,592	●★ \$17,224
● \$78,052	● \$88,332	● \$87,803	● \$72,714	● \$50,711	● \$75,348
● \$58,240	● \$79,400	● \$57,160	● \$74,320	● \$66,200	● \$51,200

Private Universities

SAINT LOUIS UNIVERSITY	JOHNSON & WALES UNIVERSITY	BAYLOR UNIVERSITY	LMU LA Loyola Marymount University	Tulane University	THE UNIVERSITY OF CHICAGO
● 93%	● 100%	● 95%	● 94%	● 70%	● 63%
● \$35,841	● \$26,320	● \$36,994	● \$43,202	● \$34,765	● \$36,413
● \$156,789	● \$115,139	● \$161,835	● \$188,994	● \$152,083	● \$159,293

● % Receiving Aid ⁽¹⁾ ● 2013 NET COST ⁽²⁾ ★ In State Net Cost ● EST 2017 GRAD 4 YR COST ⁽³⁾ ● Potential 4 Yr Out of State Premium

Source: US Department of Education College Affordability and Transparency Center; <http://collegecost.ed.gov> U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Fall 2013, Institutional Characteristics component and Winter 2014-15, Student Financial Aid component.

1. Percent of Students receiving a grant or scholarship.
2. Average net price is generated by subtracting the average amount of federal, state/local government, or institutional grant or scholarship aid from the total cost of attendance. Total cost of attendance is the sum of published tuition and required fees (lower of in-district or in-state, where applicable), books and supplies, and the weighted average for room and board and other expenses.
3. Assumes 4 years of average net cost including a 6% increase per year (national average is 6.4%).
4. 4 Year Out State premium is difference between in state for the college and out of state average tuition for all colleges in the state times 4, with no adjustment for inflation or additional financial aid. Actual amount may be more or less. Source for Out of State Premium Averages: The College Board.

Can I Plan on Any Financial Aid?

Exhibit 9: How 529 Plans Affect Eligibility for Financial Aid

SOURCE OF ASSETS	EXPECTED FAMILY CONTRIBUTION (EFC) FEDERAL STUDENT AID FORMULA
Parental Income	22% to 47% of Adjusted gross income
Parental Assets	2.5% to 5.64% of nonretirement assets
Student Income	50% after certain allowances
Student Assets	20% of all assets

529 Plans owned by the parent are treated as an asset of the parent.

529 Plans owned through a UGMA/UTMA account are treated as an asset of the parent.

529 Plans owned by the grandparent are not counted, however distributions could be treated as income of the child after year 2.

The REAL Cost of College: Investing Versus Borrowing

Hypothetical Illustration:

Example: Planning for a \$75,000 Education

ASSUMPTIONS:

Parents Saved for 15 Years

- Parents set target of \$75,000 College Savings
- Start when Child is 3 years old
- Assume 5% Return after taxes
- Invest **\$281** per month
- Total Amount invested over 15 years =
\$50,298

Grandparents Set Aside Lump Sum for 15 Years

- Grandparents set target of \$75,000 College Savings
- Start when Child is 3 years old
- Assume 5% Return after taxes
- Total Lump Sum Needed =
\$35,483

Student Borrows \$75,000

- 3 Months After Graduation Total Loans and Accrued Interest ⁽¹⁾ = **\$85,546**
- Assume 10 years to pay off loans, 6% Interest rate
 - Monthly Payment = **\$944**
 - Total Cost of College ⁽²⁾ =
\$113,269
- 20 years to pay off loans
 - Monthly Payment = **\$609**
 - Total Cost of College ⁽²⁾ =
\$146,188

1. 6% interest accrues on loans during and after college, payments begin 3 months after classes end (grace period is 6 months).

2. Calculated using Microsoft Excel 2013 Loan Amortization Template.

Income Tax Advantages of 529 Plans

Earnings on Investments

- Earnings accrue without federal or state income tax

Qualified Withdrawals

- Free from federal income tax; may also be free from state tax ⁽¹⁾

1. Qualified expenses include tuition, fees, room and board, books, and supplies.

Gift and Estate Planning Advantages

Contributions to a 529 Plan are excluded from your estate

Individuals can make contributions of up to \$15,000 each year without incurring federal gift tax; for married couples \$30,000

Accelerated gifting lets you make up to five years' worth of contributions in a single year ⁽¹⁾

You can withdraw some or all of the assets for any reason at any time ⁽²⁾

1. No further annual exclusion gifts and/or generation-skipping transfers to the same beneficiary may be made over the same five-year period, and the transfer must be reported as a series of five equal annual transfers. If the donor dies within the five year period, a portion of the transferred amount will be included in the donor's estate for estate tax purposes.
2. For nonqualified withdrawals, gains are subject to ordinary income tax and a 10% penalty.