



Get To Know Arkansas' 529 Plan

What is the GIFT AR 529 Plan?

The GIFT AR 529 Plan is a tax-advantaged savings plan allowing Arkansas families to make saving for college a reality. Higher education expenses can seem daunting and are often overlooked, but with the GIFT AR 529 Plan, savings can happen incrementally. The GIFT AR 529 Plan is a 529 plan sponsored by Arkansas designed to help families realize their savings goals. Most importantly, Arkansas residents can use their savings for *more* than just tuition costs. Savings can include coverage of the entire college experience including: books and supplies, certain room and board costs and other higher education expenses. Luckily for Arkansas residents, the GIFT AR 529 Plan offers a solution when saving for one of life's most important expenses.

How does the GIFT AR 529 Plan work?

The GIFT AR 529 Plan allows savers to choose the investment strategy that's right for them, their families and their risk tolerance. Account owners can choose from age-based, custom portfolio and GIFT AR 529 Plan Savings Portfolio options.

How does the GIFT AR 529 Plan help with savings?

Ability to save for college regularly

- **Start with as little as \$10.** Accounts can be opened for as little as \$10 a month (or \$30 per quarter) with an automatic investment plan (AIP) or a one-time contribution of \$25.¹
- **Recurring contributions.** Contributions can also be made through payroll direct deposit with a \$5 minimum per pay period, making the program both convenient and manageable.¹

Accounts are easily managed

- **Easy access.** Accounts can be managed and opened at www.arkansas529.org.

Added tax savings

- **GIFT AR 529 Plan accounts grow tax deferred.** Withdrawals used for qualified educational expenses are tax-free.² Additionally, Arkansas resident account holders can deduct up to \$10,000 if married, filing jointly (\$5,000 if single) from their state taxable income for qualified contributions.³

Use assets at school around the country

- Contrary to popular belief, **GIFT AR 529 Plan** account funds can be used at any eligible, accredited public or private college, university, or trade school in the country and abroad – not just schools in Arkansas.⁴

Flexible assets

- **GIFT AR 529 Plan provides options.** Account owners can switch a designated beneficiary to a qualified family member without incurring penalties or federal income taxes.



Additional opportunities for savings:

- Participation from family and friends. Ugift® - Give College Savings invites family and friends to contribute to a GIFT AR 529 Plan account.
- Opportunities for more savings. Upromise® by Sallie Mae® can help account holders earn college savings on everyday purchases.

Benefits for GIFTAR 529 Plan account owners in Arkansas:

- No annual account maintenance fee if either the account owner or the beneficiary is an Arkansas resident.
- Arkansas taxpayers can deduct up to \$5,000 (up to \$10,000 for married couples) of their GIFT Plan contributions from their Arkansas adjusted gross income.³
- Matching grants of up to \$500 per year for up to 5 years to eligible students.

Aspiring Scholars Matching Grant Program:

The Aspiring Scholars Matching Grant Program provides matching grants of up to \$500 per year (for up to 5 years) to eligible students. The household adjusted gross income (AGI) for the previous calendar year of the parent(s) or guardian of the designated beneficiary must be \$60,000 or less.

To apply for an Aspiring Scholars Matching Grant

- Online at <https://www.thegiftplan.com/content/matchinggrant.html>
- By phone through the Office of the State Treasurer at 501-682-1422

The 529 Plan Advantage:

Tax-free qualified withdrawals

Withdrawals used to pay for qualified higher education expenses are free from federal income tax, so more of the savings can go toward paying for college instead of toward taxes.²

Estate and gift tax advantages

Contributions can be made up to \$14,000 (up to \$28,000 for married couples) per designated beneficiary each year to a GIFT AR 529 Plan account without incurring federal gift tax consequences.⁵ Contributions can be made up to \$70,000 per designated beneficiary in a single year (up to \$140,000 for married couples).

¹A plan of periodic investment does not assure a profit or protect against a loss in declining markets.

²Earnings on non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

³Contributions to the GIFT AR 529 Plan in a tax year are deductible from Arkansas state income tax, subject to recapture in subsequent years in which a non-qualified withdrawal or a rollover out to another state's 529 plan is made.

⁴An eligible institution is one that can participate in federal financial aid programs.

⁵The gift will be prorated over five years. In the event the donor does not survive the five-year period, a prorated amount will revert back to the donor's taxable estate.

For more information about the GIFT College Investing Plan (the "GIFT Plan"), call 1-800-587-7301 or visit www.thegiftplan.com to obtain a Program Description and Participation Agreement, which includes investment objectives, risks, charges, expenses and other information; read and consider it carefully before making an investment or sending money. Ascensus Broker Dealer Services, Inc. ("ABD") is the Distributor of the GIFT Plan.

If you are not an Arkansas taxpayer, consider before investing whether your or the Designated Beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program.

The GIFT Plan is a college tuition savings program sponsored by the State of Arkansas and administered by the Arkansas Section 529 Plan Review Committee ("Committee"). ABD, the Program Manager, and its affiliates have overall responsibility for the day-to-day operations, including investment advisory services, recordkeeping, administrative services and marketing of the GIFT Plan. The GIFT Plan's Portfolios invest in: (i) mutual funds; or (ii) an FDIC-insured omnibus savings account held in trust by the Committee at Sallie Mae Bank. Except for the GIFT Plan Savings Portfolio, investments in the GIFT Plan are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns will vary depending upon the performance of the GIFT Plan Portfolios you choose. Except to the extent of FDIC insurance available for the GIFT Plan Savings Portfolio, you could lose all or a portion of your money by investing in the GIFT Plan, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

Not FDIC-Insured (except for the Gift Plan Savings Portfolio). No Bank, State, or Federal Guarantee. May Lose Value.

Upromise is an optional service offered by Upromise, Inc., is separate from the GIFT AR 529 Plan, and is not affiliated with the State of Arkansas. Terms and conditions apply to the Upromise service. Participating companies, contribution levels, and terms and conditions are subject to change at any time without notice. Transfers from Upromise to a Gift College Investing Plan account are subject to a \$25 minimum.

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