



COLLEGE SAVINGS



# Putting college in view





**THREE EASY STEPS**  
to get started with  
**COLLEGE SAVINGS**

**STEP 1**



Set your college savings goals.

**STEP 2**



Choose a savings account that works for you.

**STEP 3**



Start saving.



# HIGHER EDUCATION

is something we dream about for our children and their children. It's something we hold as a key for the future. By understanding the costs of higher education, knowing the types of savings accounts available, and saving early and often, you can help make the dream a reality. **Use this interactive guide to get started today.**

Average age of child when parents start saving



SOURCE: Morningstar's October 2014 College Planning Report Card.

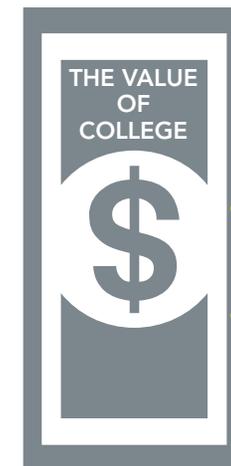
**MYTH:**

Saving in a 529 college savings plan will reduce available financial aid.

**TRUTH:**

If viewed as a parental asset, a 529 may not significantly reduce your child's financial aid.

SOURCE: T. Rowe Price, "Cash for College: Saving the Way for Your Child's Education," June 26, 2015. Web.



**\$59,124**

Median earnings for workers age 25+ with a bachelor's degree in 2015

**\$35,256**

Median earnings for workers age 25+ without a bachelor's degree in 2015

Source: Earnings and unemployment rates by educational attainment, 2015, Bureau of Labor Statistics.



# ESTIMATE THE COST OF COLLEGE

AVERAGE ONE-YEAR COSTS TO ATTEND COLLEGE FOR THE 2015–2016 SCHOOL YEAR

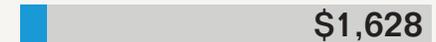
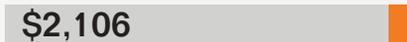
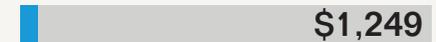
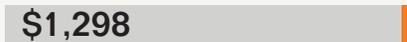
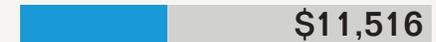
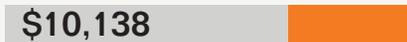
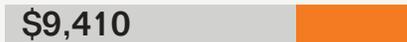
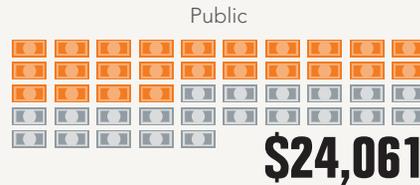
**STEP 1**  
Set your college savings goals.

**FOCUS ON SETTING THE GOAL, FIRST.**

The costs of college can seem overwhelming. But don't forget that anything you put aside can be less debt for your child in the future. The first step is understanding how much you may need. You will want to weigh factors such as whether your child will attend a public or private college, or enroll in a two-year or four-year degree program.

**TAKE ADVANTAGE OF FIDELITY'S COLLEGE SAVINGS CALCULATOR,** which offers a good starting point as you begin to assess the cost of higher education.

**BE SURE TO FACTOR IN** scholarships, financial aid, grants, and merits, too. Visit [Fidelity.com/viewpoints](http://Fidelity.com/viewpoints) or [read more about figuring out how much college you can afford.](#)



SOURCE: The College Board "Average Estimated Undergraduate Budgets, 2015–16," 2016.



**STEP 2** Choose a savings account that works for you.

WITH SO MANY OPTIONS, you have to weigh the pros and cons to figure out the best fit for you and your family. Use this chart to get a head start, then go online to find more information.

**4 ways to save**

- 529 plans
- UGMA/UTMA
- Coverdell
- Personal savings

Parents say they plan to pay **70%** (on average) of their children's college costs



**529 College Saving Plans**

These are the most common college savings accounts. They have great tax benefits, offer high limits, and can be used for a student of any age. Nearly every state has one and the benefits can differ. [Compare here.](#)



**Custodial Accounts (UGMA/UTMA)**

Not just earmarked for college, custodial accounts are invested in the child's name, and can be used for any expense for the benefit of the child.



**Coverdell Education Savings Accounts (ESAs)**

Formerly known as the Education IRA, these accounts offer tax-deferred growth and are designated for a child's educational expenses. They are not offered by Fidelity.



**Taxable Savings Accounts or Brokerage Accounts**

Any savings or brokerage account can be a vehicle for saving for the future. These accounts offer the flexibility to get the rates or portfolio makeup you're looking for, but are not designed specifically for college saving.



Earnings can grow tax deferred. But distributions must be used for qualified education-related expenses in order to be federal income tax free.

At least part of the investment earnings may be exempt from federal income tax, and some or all may be taxed at the child's generally lower tax rate.\*

These allow investment flexibility—so you can invest in stocks and bonds. They also allow investors to withdraw the money for education expenses in elementary and high school. They are not offered by Fidelity.

These offer complete control over the decisions, as well as variety in investments and partners. You can get a savings account anywhere. There are no limits on withdrawals or how much you can put in.



Because they're designed for school-related needs, there are heavy tax penalties if you withdraw the money for anything else. Also keep an eye on fees—some states impose high fees.

You will likely pay taxes on realized gains and taxable distributions. Also, when your child comes of age, the account is in his or her control.

These accounts give your money a deadline: the beneficiary should use the money by age 30 or give it to someone else.

You will likely pay taxes on realized gains and taxable distributions each year.



**Financial Aid Impact:** The account is considered an asset of the owner, not the child (beneficiary), which can lead to lower weighting in financial aid eligibility formulas.

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Check out [Fidelity.com/college](https://www.fidelity.com/college) for a more detailed comparison.

\*In 2016-2017, for children under the age of 19 (and full-time students under age 24) with no earned income (or income exceeding one-half of his or her support), usually the first \$1,050 of investment income is exempt from federal income tax under the child's standard deduction, the next \$1,050 was taxed at the child's rate, and the amount above \$2,100 was taxed at the parents' rate. For more information see IRS Topic 553: <https://www.irs.gov/taxtopics/tc553.html>.



**STEP 3**  
Start saving.

**START AUTOMATICALLY.** Saving is a healthy habit. And there are many ways to make it seamlessly fit your life. You can sign up for an automatic investment plan that withdraws the money from your bank account each month. Some 529 plans can also set you up with direct deposits from your paycheck. And with some credit cards—like [Fidelity® Rewards Visa Signature® Card<sup>1</sup>](#)—the rewards you earn can be automatically deposited directly into your 529 college savings account.



**INVITE OTHERS TO SAVE.**

Other healthy habits include getting your family or student involved. [Fidelity makes it easy to receive monetary gifts electronically directly into your 529 account with its online gifting tool.](#) You can also encourage your student to put a little spending money into the account and watch it grow. Starting early will potentially give your investments more time to grow.

## SAVING OVER TIME

A little can go a long way.



This chart is a hypothetical example and should not be considered an indication of performance of a 529 plan. These estimates assume that contributions of \$15, \$50, and \$100 are made at the beginning of the month with a 7% annual return. Assumes that the money is invested in a tax-free investment vehicle, such as a 529 plan.



### Keeping the lines open

Whether you're just getting started or college is close, you always have resources—online, on the phone, or by reviewing this brochure when you're unsure.



800.603.4015

[Fidelity.com/college](https://www.fidelity.com/college)



**The UNIQUE College Investing Plan, U.Fund College Investing Plan, Delaware College Investment Plan, and Fidelity Arizona College Savings Plan are offered by the state of New Hampshire, MEFA, the state of Delaware, and the Arizona Commission for Postsecondary Education, respectively, and managed by Fidelity Investments. If you or the designated beneficiary is not a New Hampshire, Massachusetts, Delaware, or Arizona resident, you may want to consider, before investing, whether your state or the beneficiary's home state offers its residents a plan with alternate state tax advantages or other state benefits such as financial aid, scholarship funds and protection from creditors.**

**Units of the portfolios are municipal securities and may be subject to market volatility and fluctuation.**

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You will earn 2 Points per dollar in eligible net purchases (net purchases are purchases minus credits and returns) that you charge. Account must be open and in good standing to earn and redeem rewards and benefits. Upon approval, refer to your Program Rules for additional information. You may not redeem Reward Points, and you will immediately lose all of your Reward Points, if your Account is closed to future transactions (including, but not limited to, due to Program misuse, failure to pay, bankruptcy, or death). Reward Points will not expire as long as your Account remains open. Certain transactions are not eligible for Reward Points, including Advances (as defined in the Agreement, including wire transfers, travelers checks, money orders, foreign cash transactions, betting transactions, lottery tickets and ATM disbursements), Annual Fee, convenience checks, balance transfers, unauthorized or fraudulent charges, overdraft advances, interest charges, fees, credit insurance charges, transactions to fund certain prepaid card products, U.S. Mint purchases, or transactions to purchase cash convertible items. The 2% cash back rewards value applies only to Points redeemed for a deposit into an eligible Fidelity account. The redemption value is different if you choose to redeem your Points for other rewards such as travel options, merchandise, gift cards, and/or statement credit. Other restrictions apply. Full details appear in the Program Rules new card customers receive with their card. Establishment or ownership of a Fidelity account or other relationship with Fidelity Investments is not required to obtain a card or to be eligible to use Points to obtain any rewards offered under the program other than Fidelity Rewards. Eligible accounts include most nonretirement registrations as well as Traditional IRA, Roth IRA, Rollover IRA, SEP IRA, Fidelity Charitable® Giving Account,\* and Fidelity-managed 529 College Savings Plan accounts. The ability to contribute to an IRA or 529 college savings plan account is subject to IRS rules and specific program policies, including those on eligibility and annual and maximum contribution limits. Full details appear in the Program Guidelines new card customers receive with their card. Contributions to Fidelity Charitable® are generally eligible for a federal income tax charitable deduction. Please consult with your tax advisor. The list of eligible registration types may change without notice at Fidelity's sole discretion. For more information about whether a particular registration is eligible, please call 1-800-FIDELITY (800-343-3548).

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**Please carefully consider the plan's investment objectives, risks, charges, and expenses before investing. For this and other information on any 529 college savings plan managed by Fidelity, contact Fidelity for a free Fact Kit, or view one online. Read it carefully before you invest or send money.**