

529: Ways to help maximize your education savings strategies

TRANSCRIPT

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Please read the last page of this transcript for important additional information.

Jonathan Lamothe: Hello and welcome to our webinar today, Ways to Help Maximize Your Education Savings Strategies. My name is Jonathan Lamothe, vice president of Digital Education here at Fidelity. And today I am honored to introduce the Ways to Help Maximize Your Education Savings Strategies webinar.

With such an important and timely topic as saving for education, I do want to get to the webinar as quickly as possible. But before we do begin, I do have to mention that Fidelity does not give legal or tax advice, and nothing we discuss today should be interpreted as legal or tax advice. The information we provide will be general in nature, and it may not apply to your situation. If you have legal or tax questions about your specific situation, we do encourage that you talk to your tax professional or your attorney.

So with that, I'd like to turn it over officially to our moderator, Mr. Cory Latham. Cory, it's all yours.

Cory Latham: Thank you, Jonathan. And thank you to our viewers today for joining us to discuss our webinar today, Ways to Help Maximize Your Education Savings Strategies. As Jonathan mentioned, my name is Cory Latham, and I'm one of the managing directors within our 529 plans here at Fidelity. And I'll be serving as your moderator today.

In my role, I work directly with our states, and we work hand in hand in helping provide best-in-class service and products to all of our 529 customers. So today, our panel of professionals are going to discuss the following.



We'll provide an overview of 529 savings plans as well as discuss other products and how they compare and contrast. We're going to spend some time talking about key highlights from a recent survey that we conducted at Fidelity of parents and understand what's on the mind of those parents and those savers. And then, finally, we're going to share some savings strategies that can help best position yourself to meet any of the financial goals that you have, especially education savings.

Joining me for the webinar today are Tony Durkan, he's the vice president of Relationship Management for 529 at Fidelity, and Marla Skeffington, she's a financial consultant at one of our Investor Centers. I would start out by having both of you take a moment to introduce yourself. Tony, would you start?

Anthony Durkan: Yeah, I'd love to. Thanks again, Cory, for having me and good to run through this again. Looking forward to a great discussion. As you mentioned, I head up the 529 Relationship Management team, working closely with our states to ensure that we're promoting and growing their programs, so looking forward to the discussion.

CORY: Great. Thanks, Tony. Marla.

Marla Skeffington: Hi, Cory. Thank you for having me. It's great to be here. I am a financial consultant in one of our local Investor Centers, and I meet with clients here every day and we talk about their financial goals.

CORY: Great. Thank you both. So I'll start off by saying, I think we have the right group here for what we want to talk about.

To begin, we're going to level set and go over a high-level overview of what is a 529 plan and what they are. So what they are an account established with a goal of saving for education expenses for the beneficiary of the account. Any earnings in the account, they grow tax-deferred. And as long as they're utilized for a qualified education expense, distributions in that account will be federally income tax-free.

Another thing to know about 529 plans is that they are offered at the state level. And here at Fidelity, we are the program manager for five different state plans.

We have AZ529, Arizona's Education Savings Plan, offered by the state of Arizona. We have DE529, which is Delaware's Education Savings Plan. We have CHET, which is Connecticut Higher Education Trust—their 529 plan offered by the state of Connecticut. We have the U.Fund College Investing Plan offered by the Massachusetts Educational Financing Authority, or MEFA. And, finally, we have the UNIQUE College Investing Plan offered by the state of New Hampshire. So those are the five plans that we offer here at Fidelity.

What I want to talk about now and really want to discuss is how you can use the accounts. So we mentioned that those distributions that are qualified do take advantage of that federally tax-free withdrawals. But in order to be considered qualified, it has to meet a certain criteria or fall within a certain bucket. So what are some of those higher education uses?

So the first that we have as a qualified expense is tuition, room and board, and then books, computers, and supplies. So those fall under the bucket of what would be a qualified expense. What is an example of what would not be a qualified expense? So we have commuting and transportation, daycare expenses, and clubs and other activities that the student may be participating in. So those would count as not qualified. And we'll talk a little bit more about what that would mean if you were to take a distribution for that.

There's also additional usage for a 529 beyond those higher educations, you'll see a list that we have right over here. So the first is K through 12 expenses, so you can use that for tuition for K through 12. That's up to \$10,000 per year. You can do a student loan repayment, that's up to \$10,000, but that's for the beneficiary's lifetime, so not that per year—just that's for the overall lifetime of the beneficiary.

There's more flexibility now where you're able to utilize it for trade schools and apprenticeship programs. That's one of the more recent updates that we've seen within these types of accounts. But it makes it broader the places that you can use it for, just beyond the simple uses of the account.

And then there's also what we're going to talk about is that you're actually able to transfer a certain amount of money each year into a Roth IRA for the beneficiary for the lifetime of \$35,000. That's brand new. We're going to spend a little bit more time digging into how that all operates because there's a little bit of complexity to understanding how that all works.

So what I also finally want to talk about is discussing the tax ramifications of how these distributions work because that's really important to understand. So we mentioned that if you use it for that qualified expense, the distributions on any of the earnings gained are going to be federally income tax-free. So that means you would owe no money on any of the growth that you experienced within that plan. And that's one of the key advantages of having a 529 plan.

But if you do take a nonqualified distribution and use those funds for an ineligible expense, there are tax and penalty consequences that may come into play. The earnings portion of the account may be subject to a 10% federal income tax penalty as well as any income taxes that may be due on those earnings as well.

That's 529 in a nutshell. We wanted to spend a little bit more time talking about some other aspects of it. And, Tony, I want to turn it over to you because a common question we get often

when it comes to somebody looking to establish an account is, what happens if the beneficiary isn't going to use it? What happens if they're going to not go to college? What happens if everything works out great and they get a lot of college scholarships, or they go to the military, or a lot of options such as that? So I was hoping you'd be able to talk with us. What are some of those options available to folks if that beneficiary doesn't happen to use them for college?

ANTHONY: Yeah, happy to help here, Cory. As you've highlighted here on the page, one of the major or main options that most people take advantage of is the ability to change the beneficiary to another family member. So this can be done with no penalty. We see it done quite often with families that have multiple children in the household.

There's also the ability for—and this probably less well-known—there's also the ability for a parent to set up the account even before the child is born. They can simply name themselves as the beneficiary, and when the child is born and they get the Social Security number, they can change the beneficiary to the child, so some great flexibility there.

One lesser-known features about when the money's not used, and you put it here on this slide as well, is those that get a scholarship—if they're fortunate enough to get a scholarship—and those that attend the military academies, so in those two cases, the individual—you could take the money out of the account free of the 10% penalty tax on the federal level. The earnings in the account would still be subject to taxes, income taxes on the earnings. So some flexibility there that isn't very well-known but certainly can be taken advantage of.

And as you mentioned, Cory, most recently we've had legislation passed, which was SECURE 2.0 to be exact, which put through the ability to take unused 529 funds and have the ability to transfer those funds over to a Roth IRA in the name of the beneficiary. There are some, as you mentioned, Cory, some stipulations there and some eligibility requirements that need to be met.

For example, the account would have to have been in the name of the beneficiary for 15 years. The amount that's transferred is subject to the annual Roth IRA limits. And the money that does transfer over would have to have been from five years prior to the date of the transfer. In aggregate, you can transfer up to \$35,000. So, again, some great flexibility coming through legislation and, Cory, I like monitoring what's going on down in DC. This was a great benefit that came out of SECURE 2.0, providing greater flexibility of 529 dollars.

CORY: Yeah, absolutely. I know, it's a very common question that we get asked about. So I appreciate you taking some time to explain that to the viewers that we have here today.

Tony, I also wanted to talk to you. I know that in your role, you spend a lot of time talking to employers. And what they're constantly looking at is what can they offer for their employees in especially education savings is becoming a hot topic. It's becoming a lot more up-front in the

minds of employers as they're looking at benefits for those employees. Could you share a little bit about what you're hearing from those employers and what you're hearing in that space?

ANTHONY: Yeah, having a lot of discussions with our plan sponsors. What's happening is they're having a lot of looks at their benefit offering and one of the benefit features that a lot of employers are adopting is the student loan repayment option.

As they think about and look at that option, they know they've got people coming into the workforce that are saddled with student debt. So they want to help their employees. It's a good retention tool. It's a good attraction tool to get employees in. So from that, that's addressing the back end, that's addressing the student loan crisis that we keep hearing about.

They're also then asking the question, well, how can we help our employees save in 529 accounts to help mitigate that student loan discussion? So a lot of employers are looking at ways that they can make it easier for their employees to get into 529 through payroll deduction and integration with their retirement plan as well as the 529 plan, so it all sits on one website and that employee/parent can manage the retirement account as well as the 529 account. So some great discussions with our plan sponsors and that's gaining a lot of traction for sure.

CORY: Yeah, thanks, Tony. And that—it's great to hear the importance and really the prevalence that saving for education is starting to take, not just in the mind of parents and savers, but also for employers as well.

What I did want to talk about—we spent a lot of time talking about 529s, but that's not the only investment account that exists out there for education advantages but also that you can use to save for a beneficiary that is under the age of 18. So, Marla, I know that you're talking with clients all the time about the different types of accounts that make sense for them and how they're able to help utilize them to make their best financial goals and those decisions come true. So I was hoping—could you share with us, start talking a little bit about the differences between these accounts?

MARLA: Yes, I'm happy to, Cory. So, as you said, there are some other options. So a Coverdell account is similar to a 529 in that you fund it with after-tax contributions and the earnings do grow tax-deferred and they are federally tax-free if you use them for a qualified distribution.

However, the difference is there is a contribution limit of \$2,000 per year. So these are not as commonly offered anymore.

Then moving over, you have custodial accounts, so UTMA's and UGMA accounts. So these are unlike 529s in that they are not specifically for educational expenses. These are actually an account that is an irrevocable gift to a minor. A lot of my grandparents will use these because they

want to provide for something other than educational expenses, so they may provide for some fun money for their grandchildren.

This account—the thing to be aware of with these is that the account does transfer to the minor when the minor reaches the age of majority in your state. It's typically between the ages of 18 and 25. And in addition to that, these accounts are—they're taxable. So there would be taxes due for any growth within the account at the time of withdrawal. In terms of the prepaid tuition accounts, I am going to let Tony take that one.

ANTHONY: Yeah, thanks, Marla. So prepaid, as we have highlighted on the screen here—you have to be a resident in a state that offers the prepaid tuition account. And as a resident of that state, you can lock in tomorrow's dollars—sorry—using today's dollars for a future expense. Again, the restriction there is that you are limited to the in-state school in which you live. So, again, a nice feature, a great benefit, it's just the narrow focus of, limited to the state in which you reside. Back to you, Marla.

MARLA: Yeah, so that's pretty much—those are the three main ways. I would say, in terms of the custodial accounts, a lot of times parents or grandparents will come into my office and some of them already have some of these plans already set up, but I would say there's pros and cons to each of these and there's no one-size-fits-all approach.

ANTHONY: Yeah, that's a great point.

CORY: Yeah, I would agree. I think that there's a lot of different ways that you can help save for those that you care about, and these are just a few of the options that we have.

What I do want to do now is talk about that recent survey that we had mentioned. So Fidelity—we just recently completed a survey, our college savings indicator survey, where we surveyed parents to get their thoughts and where they are when it comes to education savings.

And we had a lot of takeaways, but I'm going to cover the first three and then we'll go in-depth into each of these a little bit more.

So the biggest takeaway, the first takeaway that we have is that saving for college is now the top goal for parents and that's overtaking retirement savings. And we'll let that sink in for a minute and understanding the important role that education savings is playing in the minds of parents and savers.

While college savings is a key focus area, though, there continue to be challenges that parents are facing in meeting that goal. Let's touch on that a little bit further. And then, finally, expansures in recent legislation have made 529s more flexible in their use. And, Tony, you mentioned a lot about

what those benefits are, but I think that is being seen by a lot of those parents as a positive when it comes to helping to save for their education savings.

So what I want to do now is dig into it a little bit further. We had some real good data points that came out of this, and we're able to understand a lot about what's on the minds of parents. Tony, lot here. I was hoping you could share with us some of the key takeaways we had from that survey.

ANTHONY: Yeah, for sure. So what we found was nearly three in four parents, so 74%, have started saving in—saving for college in 2024. This is compared to 58% when we started the studies back in 2007. And a majority, 77%, agree the value of college education is worth the cost. So parents say their saving for college is their top priority.

What we've also found, Cory, is nearly two-thirds of parents say they have a plan in place to reach their college savings goals. And this is great. Marla and her team do fantastic work in helping to set those plans. A vast majority, 84%, say they'll either continue their regular college savings or even increase. So this is great news. We're seeing great increased behaviors in people taking a real focus on saving for college.

CORY: Yeah, I think this is really all great news, seeing that the education that parents have and the costs of education and how it works out is a very positive thing to see. However, we also mentioned that parents were facing challenges when it comes to that as well. So I don't—I want to make sure that we're spending a little bit of time talking about what those are as well.

So, Tony, I'll turn it right back over to you. Can you share with us what are the challenges that we're hearing for parents when it comes to meeting this education savings goal?

ANTHONY: Yeah, so it's great to see that the parents are taking a greater focus on saving for college. The biggest challenge—one of the key challenges that parents are facing is what the overall cost is going to be. 30% aren't sure what college is going to cost by the time their child enrolls. And more than half are using their own best guess to figure out what that cost is going to be. And, again, that speaks to the importance of planning. And Marla will get into that as well.

Also, while parents hope to pay for 67% of their child's education—this is up from 65% in 2020—they're only on track to meet 30% of that goal. And this is actually down from 33% back in 2020. So, again, the importance of planning, the importance of sitting down with folks, like with Marla and her team, make it that much more important to plan for these things.

So when it comes to those kids that have—sorry—when parents have college-aged children, two-thirds believe their children understand how much their total cost of education will be and the total potential amount of student debt they may incur when they graduate, yet 26% have not discussed the total cost of college with their child and 35% have not discussed the amount of

student debt that child may face after graduation, which really should—that conversation—really should happen. I think we're all familiar with the story of the student debt crisis. It's in the news quite a bit and a lot more frequent than we'd probably like. So.

CORY: I totally agree with that, Tony. I also think it's important that you can point out here is that there's a lot of tools and resources available to parents out there, or the children as well, to help understand what some of these numbers are. So I, on Fidelity.com, we have college savings calculators that can take into account what the price of college could be. There's a lot of reports that go out every year that discuss that.

So spending time in understanding the landscape is an incredibly important part because you don't really want to have your own best guess. Because if your own best guess is significantly below what you went for, you might not be saving enough. Or, I guess, on the flip side, if you're significant guess was way higher than, I guess, it could be, maybe you'd be thinking about a little bit differently when you saw what the sticker price of college is.

I also wanted to spend a little bit, yeah, I also wanted to spend a little bit of time talking about some of the other concerns that parents have beyond what they can control, simply what's out there in the marketplace, what's out there in the world, that is impacting their, not only ability to save, but the mindset they have when they're choosing to build plans to be able to save. So, Tony, I turn it over to you one last time and you can share what some of those concerns are.

ANTHONY: Yeah, I think we're all familiar with the inflation challenge. Generally speaking, running very hot lately and that also extends into the rising cost of college. And I think this has been going on for decades at this point. And 93% of parents are most concerned about inflation and the rising cost of college. And that leads to them taking their own best guess at what that cost is going to be just because it seems like it's a moving target.

There's also the student debt crisis—the questions around free tuition and how that plays out in the years to come. But I would say that inflation—more than a quarter of parents consider inflation the most significant barrier in their ability to save for educational costs.

CORY: Hey, it's out there and I know questions around that are very common in all aspects of savings, but specifically when it comes to education savings. And when you look at that 93%, the biggest concern is the rising cost. I really—it just goes back to the point we mentioned about really educating yourself on what that's going to be, and doing the research, and making sure that you understand that when—what the cost will be when you're making that decision of what's going to be the right college path for you.

ANTHONY: Yeah, and, Cory, I think you made a great point. The tools—there's great information out there. There are great tools that can help with that education as well, so good point.

CORY: And, Tony, I know we had mentioned earlier that about two-thirds of parents, 64%, have a plan in place to meet their needs. I guess I have to look at the flip side of that as well as that's telling me that more than one-third, about 36% of parents, don't. And that's a pretty high number as we understand the importance of goal planning when it comes to putting yourself in the best possible position to meet the multiple goals that you have as a saver.

Fortunate enough, we have Marla on the call today. And, Marla, this is what you do all day, every day. You're meeting with clients, you're talking to them about the importance of planning, and saving, and how they're able to do that and meet multiple goals. I'd love to turn it over to you and have you just share with us what are you hearing from clients and what are some of those best practices you could share with our audience today to help, again, put themselves in that best financial position possible.

MARLA: Yes, I would love to. So I work in an Investor Center locally, and I talk with clients every day about their financial goals. And many of our clients are saving for multiple goals, and retirement is a goal for most, if not all, of our clients. And for clients with children, they also often have an educational goal. Sometimes grandparents in retirement also have a goal to help defray education costs—even aunts, uncles, really any loved one who wants to help.

The first step in financial planning is to identify goals and prioritize them. You must prioritize them. When parents are saving for retirement and saving for college, it can be daunting.

Our home, our education, and our retirement are the biggest investments that most Americans will make. And while paying for a full amount of college is daunting, you have additional ways to pay for it that aren't available for other savings goals, which can include loans and scholarships.

Tony mentioned that 93% of parents are concerned about inflation. I hear that very often, too. And this is why it is important to not only start early but also to invest it to give it a chance to beat inflation. And when you invest in a tax-deferred structure, such as a 529, the earnings grow tax-deferred. And that is a very powerful engine.

It's not a good idea to save only for college and then save only for retirement. It is a good idea to save for both simultaneously. Why? Because the earlier you can implement a savings and investment program for a goal, you could be taking advantage of the power of compounding. And the longer you invest, the more potential for compounded growth. And this is a very, very powerful savings engine, especially when that growth is in a 529, it's tax-deferred.

So this means that clients and I will discuss what level of savings for each goal is attainable. And I encourage them to communicate with their loved ones who also may want to help. So how much do they want to fund their child's education? Do they want to fully fund it? Do they want to partially

fund it? There may be retired grandparents—again, aunts, uncles—who also have that goal of helping to defray those education costs. So everyone is different and it's a highly personalized discussion.

CORY: Thanks, Marla. I appreciate all that you shared there. And there's one thing that you were talking about that made me think about the survey and what we were hearing from parents out there. And that's really the importance of having the discussion and having everyone be a part of it so that everybody understands what's needed and what the end goal is.

I know that's important with you when you're in your role as a financial consulting, having that conversation with all key stakeholders. Can you share a little bit about why that's important and the successes you see when, as you said earlier, everybody's a part of that conversation?

MARLA: Yeah, so home—like I said, home, education, and retirement—they are the biggest investments that we're going to make. And they are—they're family decisions. It is very important to have all the decision-makers at the table so that everyone understands the plan, everyone is committed to the plan—has bought into it—and that everyone's marching toward that same goal.

CORY: Yeah, it's great feedback. And I also wanted to touch on another thing that's near and dear to my heart is having as many people who want to help contribute to the education savings for a beneficiary. So I personally have three boys who I'm saving for their education. And any time a family member around a holiday or a birthday wants to help contribute to that plan, it is always a welcome sight for me.

And that's where you want to take advantage of certain things that we have, such as our gifting tool, which anybody that has a 529 account at Fidelity—you can go right on Fidelity.com, you set up your own gifting page, it'll give you a link that you can send out to friends and families. And what they're able to do is they're able to directly contribute into the 529 plan for that beneficiary. So I like to talk about it for holidays and special occasions, but if there's other instances where somebody wants to help contribute, you definitely want to take advantage of that.

But that's a nice way to help build up that 529 as you're looking forward to having to eventually utilize it, as some of us on this call have done, where they're already past the accumulation phase and have already taken advantage of it. I know, Tony, you have with your children, both recently graduating from college.

ANTHONY: So is that why you keep sending me the gifting link?

CORY: I'm still just—yeah, I'm saying—I'm just—it's good to know that the email is getting through, so I'm glad to see that you've seen that. Perfect.

So, thank you both. I know that we're getting ready to come to a close today. And what I wanted to be able to do is just get some closing thoughts from the panel on the importance of education savings and all that we discussed today.

So, Marla, I'm going to turn it right back over to you. Could you just share with us some final thoughts?

MARLA: Yeah. So, remember, you can save for multiple goals, such as saving for college and saving for retirement. It's important to prioritize. Always prioritize your savings goals because it'll help keep you focused and it will give you the best chance of success in achieving those goals.

The best way to do this? Start early so you can take advantage of the compounded growth, the prioritization, and the coordination of those goals. And, remember, it's not a one-size-fits-all approach.

CORY: Great. Thanks, Marla. Tony.

ANTHONY: Yeah, of course. So, as I mentioned, where my heart lies and I like all things Washington, DC, and all that's going on there—the expansion, the expansion of 529 and what it could be used for has been great for the industry and it's broken down a lot of entries—barriers to entry to open up a 529 account.

And I'm happy to report there's additional legislation in Washington, DC, now that we hope passes, sooner rather than later, that would extend the benefits of 529 even further. So it's not just for college anymore. It really isn't. It has expanded so much and the utilization is so much more flexible now than it ever has been.

CORY: Yeah. Thanks, Tony. I agree. You can see what's happened just over the last few years, all the different uses for 529 and hopefully they're going to keep coming along.

So, for me, for my closing thoughts, I know we do talk about the earlier you can save, the better it is for you. That's going to put you in a better financial position. However, it's really never too late to start. So just because you haven't opened up an account now, don't let that be the reason that you don't. It's really not too late.

Think about it this way. Anything that you save now is less that you're going to have to pay moving forward. So take advantage of it. Just because you didn't open it maybe when your child was just born, but anything that you're saving today is going to be less that you're going to have to pay tomorrow. So, again, don't want that to be a barrier to entry as well.

So, Tony, Marla, I want to thank you for our conversation today. I want to thank the audience for joining us as well.

As a reminder, if you're looking for more information on the Fidelity-managed plans, you can click there on that link right there, Fidelity.com/529. There's also a QR code right available to you on the screen.

In addition, we have 529 college planning specialists who are available to talk to you from Monday through Friday. You can always feel free to contact them and have a conversation with it as well.

So with that, I want to, again, thank everybody for joining us today. And we look forward to speaking with you again.

Important legal information:

The UNIQUE College Investing Plan, U.Fund College Investing Plan, DE529 Education Savings Plan, AZ529, Arizona's Education Savings Plan, and the Connecticut Higher Education Trust (CHET) 529 College Savings Plan—Direct Plan are offered by the state of New Hampshire, MEFA, the state of Delaware, the state of Arizona with the Arizona State Treasurer's Office as the Plan Administrator and the Arizona State Board of Investment as Plan Trustee, and the Treasurer of the state of Connecticut respectively, and managed by Fidelity Investments. If you or the designated beneficiary is not a New Hampshire, Massachusetts, Delaware, Arizona or Connecticut 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.

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.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

*For more information on qualified education expenses, including K-12 expenses, apprenticeship costs & student loan repayments, please see a 529 Plan Fact Kit for more information.

†Beginning January 2024, the SECURE 2.0 Act of 2022 (the "Act") provides that you may transfer assets from your 529 account to a Roth IRA established for the Designated Beneficiary of a 529 account under the following conditions: (i) the 529 account must be maintained for the Designated Beneficiary for at least 15 years, (ii) the transfer amount must come from contributions made to the 529 account at least five years prior to the 529-to-Roth IRA transfer date, (iii) the Roth IRA must be established in the name of the Designated Beneficiary of the 529 account, (iv) the amount transferred to a Roth IRA is limited to the annual Roth IRA contribution limit, and (v) the aggregate amount transferred from a 529 account to a Roth IRA may not exceed \$35,000 per individual. It is your responsibility to maintain adequate records and documentation on your accounts to ensure that you comply with the 529-to-Roth IRA transfer requirements set forth in the Internal Revenue Code. The Internal Revenue Service ("IRS") has not issued guidance on the 529-to-Roth IRA transfer provision in the Act but is anticipated to do so in the future. Based on forthcoming guidance, it may be necessary to change or modify some 529-to-Roth IRA transfer requirements. Please consult a financial or tax professional regarding your specific circumstances before making any investment decision.

‡See a 529 Plan Fact Kit for details on changing beneficiaries. Participants can transfer an account to benefit an eligible member of the original beneficiary's family, tax-free and penalty-free.

Fidelity conducted a survey of parents with college-bound children of all ages. Parents provided data on their current and projected household asset levels, including college savings, use of an investment advisor, and general expectations and attitudes toward financing their children's college education. Using Fidelity's proprietary asset-liability modeling engine, the company calculated future college savings levels per household against anticipated college costs. The results provided insight into the financial challenges parents face in saving for college. Any mentions of children "nearing college" refer to questions for parents of children either 15 years of age or older or 10th grade and higher. Data for the Indicator (number of children in household, time to matriculation, school type, current savings and expected future contributions) was collected by Boston Research Technologies, an independent research firm, through an online survey from April 15–May 15, 2024, of 1,985 families nationwide with children high school age and younger who are expected to attend college or other further education. The survey respondents had household incomes of at least \$30,000 a year or more and were the financial decision-makers in their household. Respondents are weighted to correct for any imbalances between the sample and the population of parents intending to send their children to college. College costs were sourced from the College Board's Trends in College Pricing 2023. Future assets per household were computed by Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and a Fidelity Investments company. Within Fidelity's asset-liability model, Monte Carlo simulations were used to estimate future assets at a 75 percent confidence level. The results of the College Savings Indicator may not be representative of all parents and students meeting the same criteria as those surveyed for the study.

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