2024 Edition

GUIDING FAMILIES SINCE 2013

College Planning Essentials

A comprehensive guide to saving and investing

J.P.Morgan
ASSET MANAGEMENT

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4. ISS Market Intelligence, *529 Industry Analysis 2023*.

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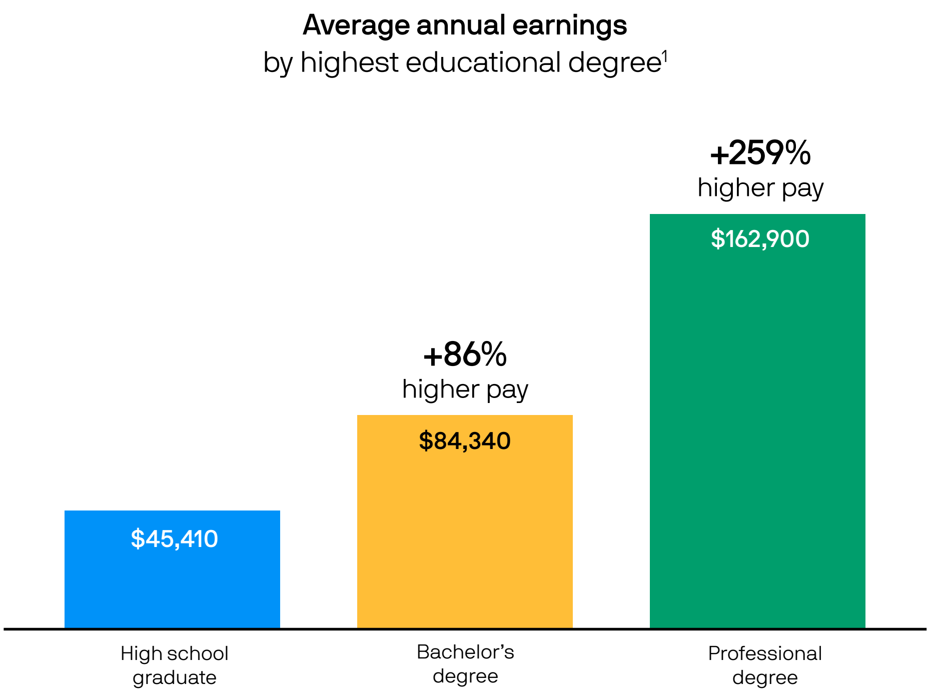
Higher education pays

A college diploma opens the door to a lifetime of higher earnings.



College pays for itself

$38,930

extra income for an average bachelor's degree holder in just one year, enough to **pay for three semesters** of current in-state public college costs.[2]

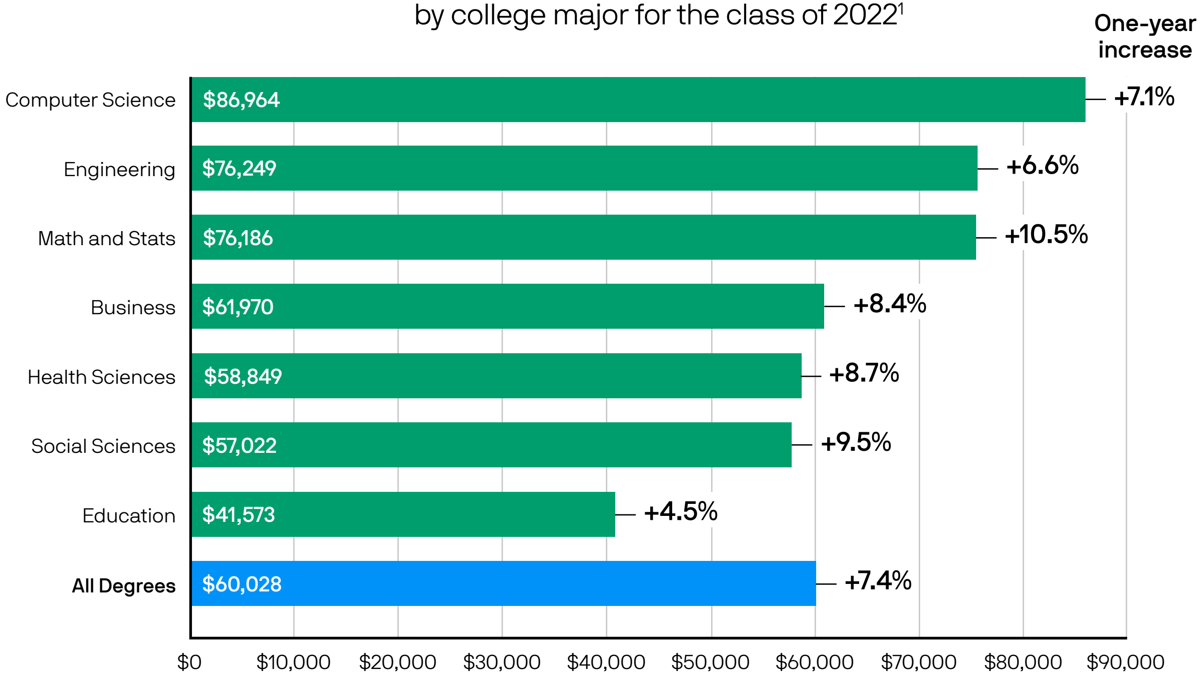
1. U.S. Census Bureau, Current Population Survey. Data for 2022 based on mean earnings for workers aged 18 and older.
2. College Board, *Trends in College Pricing and Student Aid 2023*. Based on average tuition, fees, and room and board at an in-state, four-year public university.

"Major" differences in salaries

College matters

Choice of college major has a significant impact on a graduate's starting salary.

Average yearly starting salary
by college major for the class of 2022[1]



A key consideration

Weigh future job earnings against college costs when deciding which school to attend and how much to borrow.

62%

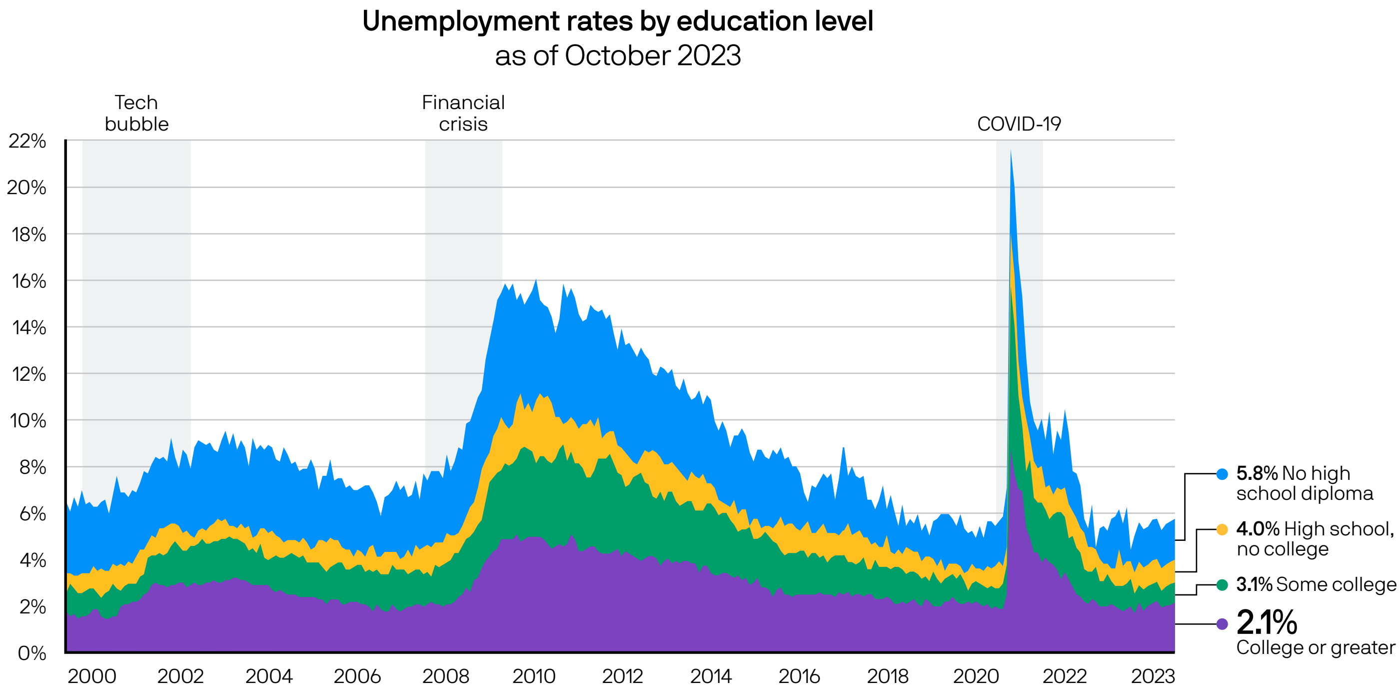
of families **don't discuss starting salaries.**[2]

1. National Association of Colleges and Employers (NACE), *Salary Survey,* Summer 2023. For bachelor's degree recipients.
2. Sallie Mae, *How America Pays for College*, 2023.

More education, less unemployment

College matters

College graduates enjoy much better job security and opportunity, especially during economic downturns.



Source: U.S. Bureau of Labor Statistics. Unemployment rates shown are for civilians aged 25 and older. Data current as of 10/31/23.

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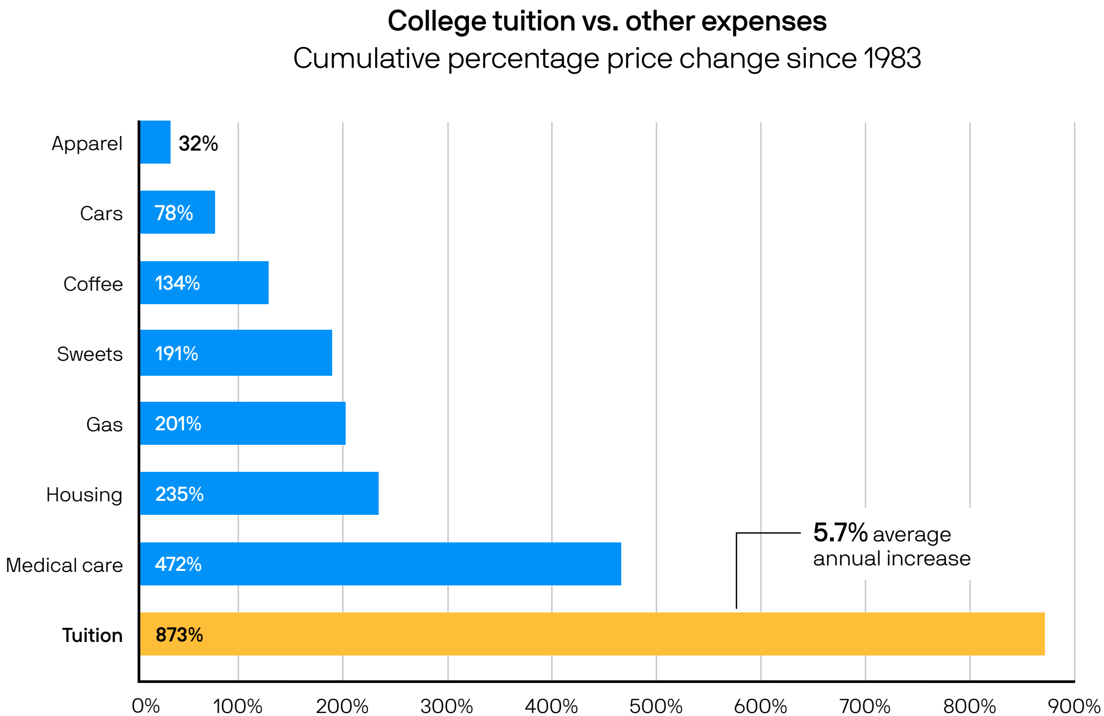
Tuition inflation

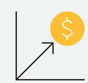
College costs

College tuition costs have increased much faster than any other household expense in recent decades.



Why costs typically rise

- Colleges **spend more** to attract the best students.
- Colleges **hire more** faculty and administrative staff.
- Colleges **receive less financial support** from states.
- Colleges **pursue more international students** willing to pay higher prices.



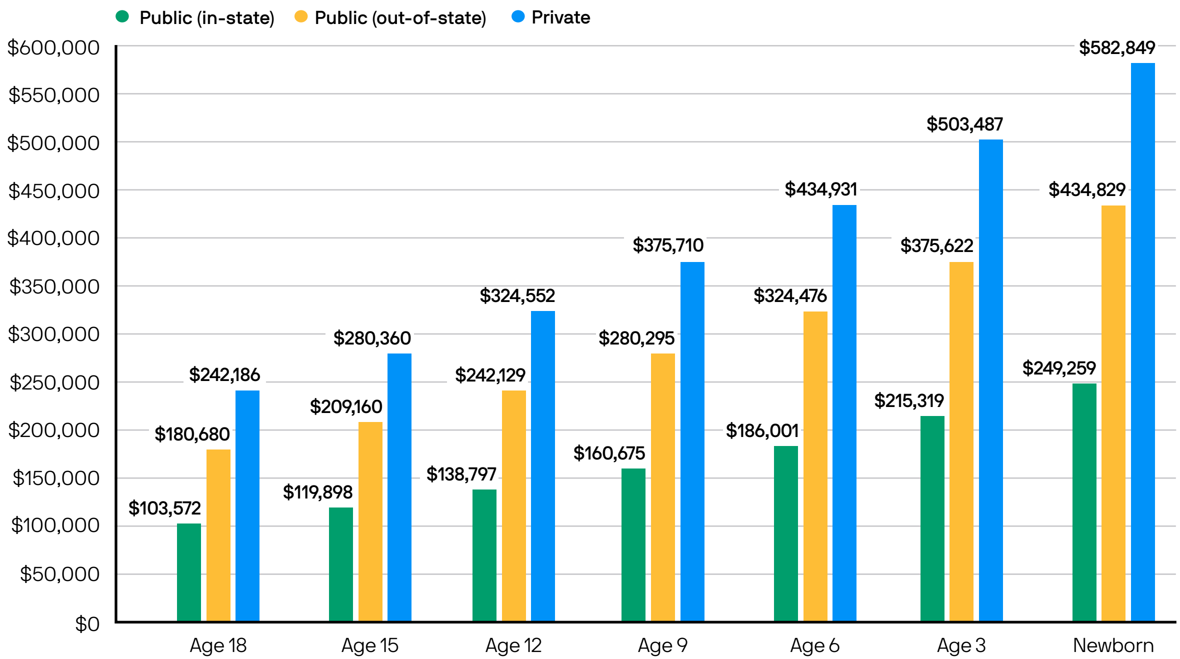
Source: BLS, Consumer Price Index, J.P. Morgan Asset Management. Data represent cumulative percentage price change from 12/31/82 to 12/31/23.

Future four-year college costs

College costs

The younger the child, the more college is likely to cost. Add up four years per child, and it equals one of a family's largest expenses.

Projected cost of a four-year college education
based on child's current age



One-year costs for 2023-24

$24,030
Public (in-state)

$41,920
Public (out-of-state)

$56,190
Private

Calculate your costs

Click here to see your child's future college costs and the monthly investments needed to pay them.

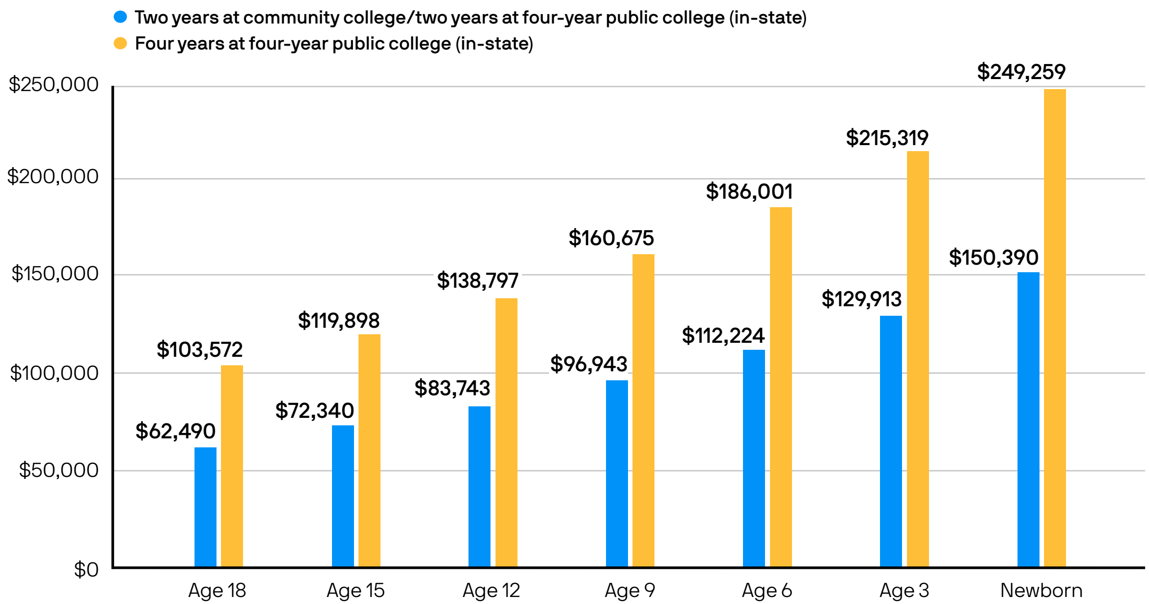
Source: J.P. Morgan Asset Management, using College Board's *Trends in College Pricing and Student Aid 2023*. Future college costs estimated to inflate 5% per year, based on average tuition, fees, and room and board for 2023-24.

The community college option

College costs

Some students choose to attend two years of community college before transferring to four-year universities.

Projected four-year costs with and without community college
based on child's current age



Save 40%
by attending two years of community college.

$3,990
Average annual tuition and fees at community college

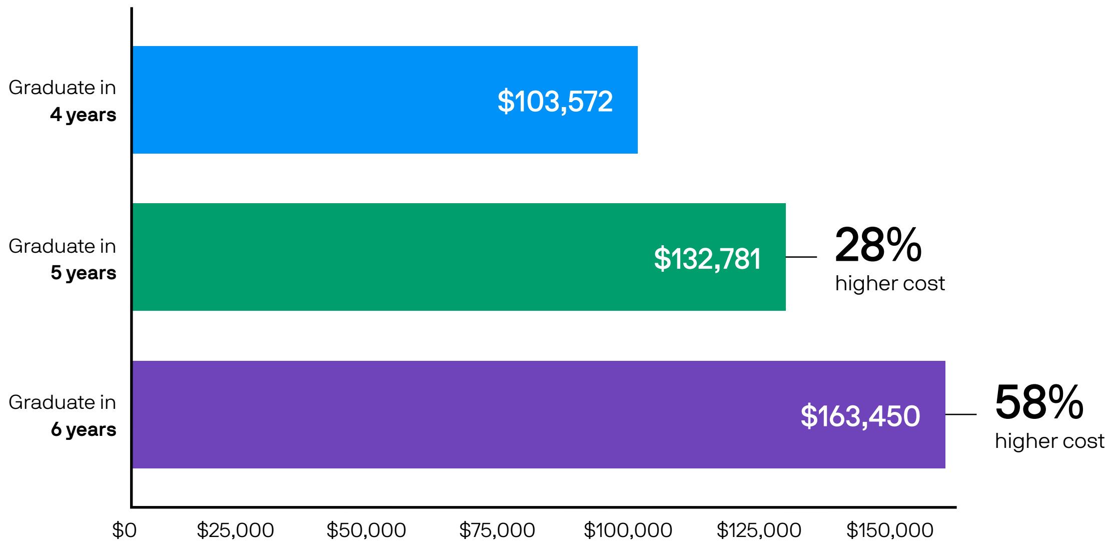
Source: J.P. Morgan Asset Management, using College Board's *Trends in College Pricing and Student Aid 2023*. Future college costs estimated to inflate 5% per year. Average tuition, fees, and room and board for public college reflect four-year, in-state charges. Community college costs are based on average tuition and fees for an in-district student.

Preparing for more than four years

Most students take more than four years to earn degrees, which increases total college costs.

The high price of not graduating on time

Total projected in-state public college costs for first-year student[1]



Less than half graduate on time[2]

Within 4 years
48%

Within 6 years
65%

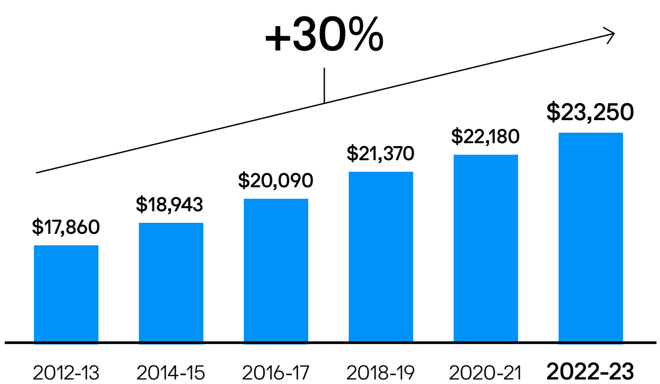
1. J.P. Morgan Asset Management, using College Board's *Trends in College Pricing and Student Aid 2023*. Future college costs estimated to inflate 5% per year. Average tuition, fees, and room and board for public college reflect four-year, in-state charges.
2. U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), as of February 2023. Data reflect graduation rates from first institution attended for first-time, full-time bachelor's degree-seeking students at four-year colleges.

Financial aid overview

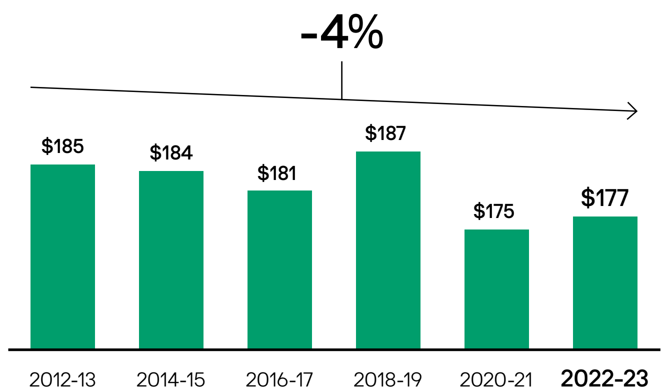
Financial aid

College costs continue to rise while financial aid has declined — leaving families to pay more of the expenses.

College costs[1]
(four-year in-state public university)



Total financial aid[2]
(in billions, for undergraduate students)



Result: Families are paying more
Families now **pay 50% of college costs from their income and investments**, up from 38% 10 years ago.[3]

1. College Board, *Trends in College Pricing*, 2012, 2014, 2016, 2018, 2020 and 2022. Based on average tuition, fees, and room and board at an in-state, four-year university.
2. College Board, *Trends in Student Aid*, 2013, 2015, 2017, 2019, 2021 and 2023. Includes federal, state, institutional and private grants as well as federal work-study, tax benefits, veterans' benefits and loans.
3. Sallie Mae, *How America Pays for College*, 2014 and 2023. Remaining college costs paid with loans, grants, scholarships and family gifts.

Financial aid reality check

Financial aid

Free grants and scholarships normally pay only a small portion of college costs, and many families don't qualify.

Grant reality 2022-23 (need-based)[1]

57% Percentage of families receiving grants

Average amount: $5,934

Percentage of total costs paid by grants

Private college	13%
Public college	11%
Community college	12%

Scholarship reality 2022-23 (merit-based)[1]

61% Percentage of families receiving scholarships

Average amount: $7,822

Percentage of total costs paid by scholarships

Private college	23%
Public college	14%
Community college	11%

Will we get a Federal Pell Grant?

It depends on your income, marital status and family size. Example: Two-parent households with two kids qualify for a full Pell Grant only if their **income is $48,563 or lower.**[2]

Few free rides

0.3%

of college students **receive enough grants and scholarships to cover all costs.**[3]

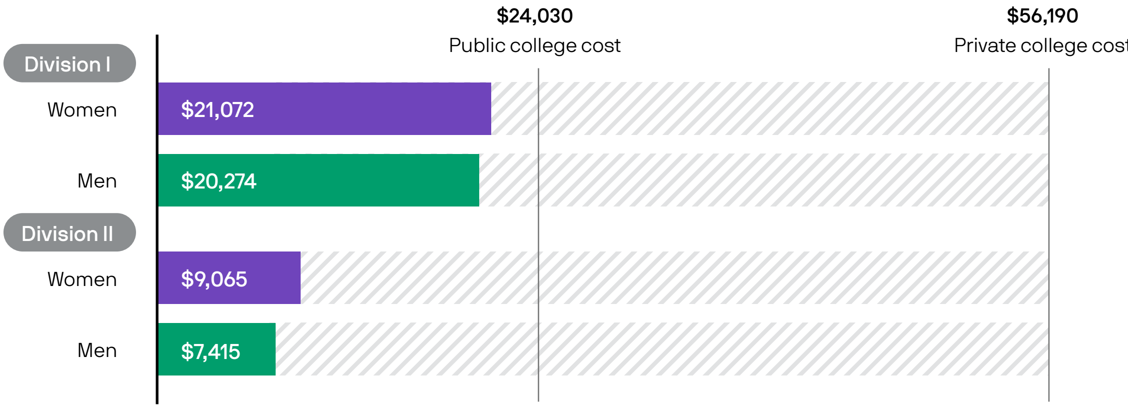
1. Sallie Mae, *How America Pays for College*, 2023.
2. Congressional Research Service, *The FAFSA Simplification Act*, August 2022. For dependent, full-time students in the 2024-25 school year, based on 2022 federal poverty guidelines. Families may also qualify for maximum Federal Pell Grants based on other criteria.
3. Mark Kantrowitz, National Postsecondary Student Aid Study from the National Center for Education Statistics. Based on full-time students at four-year colleges.

The facts about athletic scholarships

Financial aid

Athletic scholarships usually cover only some college costs — and only for the select few who receive them.

Average athletic scholarships (all sports)[1]



What are the odds?[2]

Chances of high school athletes:

Playing college sports

7%

Receiving athletic scholarships

2%

Full-ride scholarships are available only for these Division I sports:[3]

Men's football | **Men's and women's basketball** | **Women's volleyball** | **Women's tennis** | **Women's gymnastics**

1. ScholarshipStats.com, based on 2019-20 data with 3% annual increases through 2023-24. College costs are based on average tuition, fees, and room and board, using College Board's *Trends in College Pricing and Student Aid 2023*. Public college reflects in-state charges.
2. National Collegiate Athletic Association, December 2023.
3. Athleticscholarships.net.

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Federal financial aid eligibility

Financial aid

The Department of Education calculates the Student Aid Index (SAI) used to determine your financial aid eligibility.

Total college costs each year – **Student Aid Index (SAI)** = **Financial aid eligibility**

When to apply
Apply as early as **October 1** of the year before college; **must apply each year in college.**

How SAI is calculated[1]

A family's **annual income,** including the student's, **counts far more in the formula than savings and investments.**

For each school year you apply, SAI is based on **income from two years earlier.**

Parents – Income		Parents – Assets	+	Students – Income		Students – Assets	=	Total SAI
22%–47% of adjusted available income above protected amount[2]	+	Up to **5.64%** of non-retirement assets above protected amount, including **529 plans, investments and savings**[2]	+	**50%** of income above protected amount of $11,130	+	**20%** of all assets in bank accounts, CDs, UGMAs/UTMAs and any other savings	=	SAI is not the amount your family will pay for college or get in federal aid. **It's a number used to calculate how much aid a student is eligible to receive.** **Families may pay more than their SAI.**

Grandparents/others

0%
of income and assets considered in federal financial aid formula, including **529 plan account balances and withdrawals**

1. Based on federal methodology for 2024-25 school year. Federal financial aid rules are subject to change. Please consult your financial professional for more information. To learn more about how SAI is calculated, click here.
2. Protected amount for parental income is based on household size. Protected amount for parental assets is based on age and marital status and excludes primary residence and retirement accounts.

New federal financial aid rules

Financial aid

Key changes taking effect for the 2024-25 school year

New rules that could *increase* aid

529 education plans

- Withdrawals from accounts owned by grandparents and other non-parents no longer reported as student income
- Only accounts in student's name reported as parental assets (previously had to include siblings)

Income and asset reporting

- Pre-tax contributions to employer retirement plans, worker's compensation benefits and other income sources not reported
- Child support received treated more favorably as an asset instead of income
- More income excluded from eligibility formula

Other changes

- Expanded Federal Pell Grant eligibility for lower-income families
- More opportunities to appeal a college's financial aid decision

– New rules that could *decrease* aid

Families with multiple college students

Expected to pay more for each child enrolled (family contribution previously divided by number of college students to increase aid eligibility)

Small business owners and farmers

Must report net worth of business or farm, regardless of size (previously only if 100+ employees)

Divorced or separated parents

- Parents providing the most financial support to students must apply, using their income and investments
- No income reduction for child support paid

Residents of high-tax states

No income reduction for state taxes paid

Federal financial aid rules are subject to change. Please consult your financial professional for more information.

Estimating your Student Aid Index

Financial aid

Use this chart to estimate your Student Aid Index, the number used to determine federal financial aid eligibility.

Income has a much bigger impact than assets.

Annual Student Aid Index (SAI)

Examples based on income and assets[1]

Assets (excluding primary residence and retirement accounts)

Combined income	$0	$25,000	$50,000	$100,000	$150,000	$200,000	$250,000	$300,000
$50,000	-$1,500	-$1,500	-$1,500	-$1,419	$7	$1,749	$3,923	$6,591
$75,000	$793	$1,447	$2,458	$4,758	$7,572	$10,392	$13,212	$16,032
$100,000	$8,903	$9,964	$11,374	$14,194	$17,014	$19,834	$22,654	$25,474
$125,000	$17,444	$18,505	$19,915	$22,735	$25,555	$28,375	$31,195	$34,015
$150,000	**$25,711**	$26,771	$28,181	$31,001	$33,821	$36,641	$39,461	$42,281
$175,000	$33,976	$35,037	$36,447	$39,267	$42,087	$44,907	$47,727	$50,547
$200,000	$42,220	$43,280	$44,690	$47,510	$50,330	$53,150	$55,970	$58,790
$225,000	$50,251	$51,311	$52,721	$55,541	$58,361	$61,181	$64,001	$66,821
$250,000	$58,282	$59,342	$60,752	$63,572	$66,392	$69,212	$72,032	$74,852

Example: If you earn $150,000 in income and have $0 in assets, your estimated SAI is **$25,711** — more than one year of public college costs.[2]

Calculate your personal SAI

Use the U.S. Dept. of Education's online calculator to get an estimate.

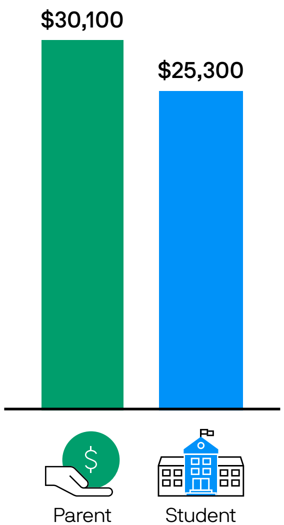
1. J.P. Morgan Asset Management and studentaid.gov. Based on two-parent household with two children, all are residents of New York. Assumes no income or assets for each dependent and age 49 for eldest parent. Protected amounts for parental assets vary based on age and marital status. These are estimates provided for illustrative purposes only, and they may not be representative of your personal situation and circumstances.
2. J.P. Morgan Asset Management, using College Board's *Trends in College Pricing and Student Aid 2023*. Average tuition, fees, and room and board for public college reflect four-year, in-state charges.

Rising college debt

Financial aid

Families that don't invest enough for college often have no other choice than to borrow.

Average outstanding college loan balances[1]



Debt balances, 2005 vs. 2023
by type of consumer loan, excluding mortgages[2]

	Student loan	Auto loan	Credit card	Home equity line of credit
2005	$370 billion	$770 billion	$720 billion	$530 billion
2023	$1.57 trillion	$1.58 trillion	$1.03 trillion	$340 billion
	+324%	+105%	+43%	−36%

More than 3x faster than college costs[3]

A heavy burden

85%
of college borrowers expect financial hardships due to loan payments.[4]

1. U.S. Department of Education, National Student Loan Data System. Data as of Q3 2023 for federal Stafford and parent PLUS loans.
2. Federal Reserve Bank of New York, *Household Debt and Credit Report*, Q2 2023.
3. College Board, *Trends in College Pricing*, 2005 and 2023. Based on average tuition, fees, and room and board at an in-state, four-year public university.
4. U.S. News & World Report, July 2023.

Comparing college planning vehicles

Saving and investing

Understanding the different college planning vehicles can help you choose the right one for your needs.

	529 education plan	Custodial account (UGMA/UTMA)	Coverdell Education Savings Account
Tax-free investing and withdrawals for qualified education expenses	Yes[1]	No, some earnings may be taxed at child's rate, the rest at parents' rate	Yes[3]
State tax breaks on contributions	Yes, in some states	No	No
Income limits on contributors	No	No	Yes
Annual contribution maximum without gift taxes	$180,000 per beneficiary[2] (five years of tax-free gifts in one year)	$36,000 per beneficiary	$2,000 per beneficiary
Account owner control for the life of the account	Yes	No, child usually takes control at age 18 or 21; doesn't have to use money for education	No, beneficiary must generally use money by age 30
Assets removed from taxable estate	Yes	No, if donor is also custodian	Yes
Impact on federal financial aid	Low	High	Low
Allows rollovers to Roth IRAs	Yes[1]	No	No

1. Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. Under federal law, you may withdraw funds from your Account to pay K-12 Tuition Expenses, Apprenticeship Program Expenses, Qualified Education Loan Repayments, and/or Roth IRA Rollovers. For federal tax purposes, each of a distribution to pay K-12 Tuition Expenses, pay Apprenticeship Program Expenses, make Qualified Education Loan Repayments, and make a Roth IRA Rollover is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and penalties. However, if you are a New York State taxpayer, the distributions for K-12 Tuition Expenses, Qualified Loan Repayments, and Roth IRA Rollovers are not considered a New York Qualified Withdrawal and will require the recapture of any New York State tax benefits that have accrued on contributions. State tax benefits for non-resident New York taxpayers may vary. Tax and other benefits are contingent on meeting other requirements. Please consult your tax professional about your particular situation.
2. Maximum gifts are $180,000 per beneficiary from married couples filing jointly and $90,000 from single tax filers. No additional gifts can be made to the same beneficiary over a five-year period. If the donor does not survive the five years, a portion of the gift is returned to the taxable estate.
3. Earnings 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.

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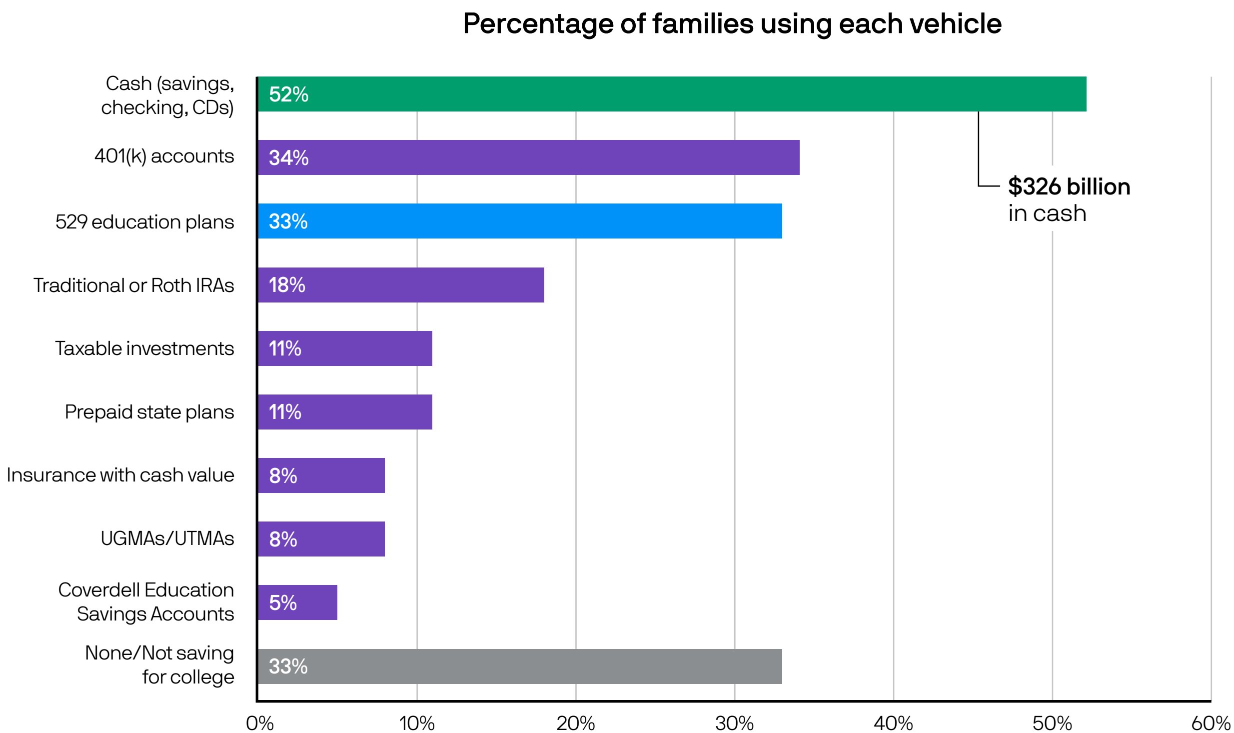
Don’t just save, invest

Many families use retirement and savings accounts for college instead of taking full advantage of 529 plans.



Missed opportunities

$1.3 trillion

of education savings are currently held outside tax-advantaged 529 plans.

Source: ISS Market Intelligence, *529 Industry Analysis 2023*.

How much to invest

Saving and investing

See how much you should be investing each month, based on a child's age and your college funding plans.

Monthly investment to pay your share of college costs

	Public college (in-state)				Private college			
Child's age when investments start	Total 4-year cost	Monthly investment to pay: 100%	75%	50%	Total 4-year cost	Monthly investment to pay: 100%	75%	50%
Newborn	$249,259	**$651**	**$488**	**$326**	$582,849	**$1,523**	**$1,142**	**$761**
Age 3	$215,319	**$747**	**$560**	**$373**	$503,487	**$1,746**	**$1,310**	**$873**
Age 6	$186,001	**$890**	**$668**	**$445**	$434,931	**$2,081**	**$1,561**	**$1,041**
Age 9	$160,675	**$1,129**	**$847**	**$564**	$375,710	**$2,640**	**$1,980**	**$1,320**
Age 12	$138,797	**$1,606**	**$1,205**	**$803**	$324,552	**$3,756**	**$2,817**	**$1,878**
Age 15	$119,898	**$3,040**	**$2,280**	**$1,520**	$280,360	**$7,110**	**$5,332**	**$3,555**

Set your investment goal

with our college planning calculator.

Never miss a monthly 529 contribution

Go online to easily set up automatic transfers from a bank account.

Source: J.P. Morgan Asset Management. Based on average tuition, fees, and room and board costs for 2023-24 school year, College Board's *Trends in College Pricing and Student Aid 2023*. Costs estimated to inflate 5% per year. This hypothetical example illustrates the future values of different regular monthly investments for different time periods, assuming an annual investment return of 6%, compounded monthly. This hypothetical example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. These figures do not reflect the impact of fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. A plan of regular investment cannot ensure a profit or protect against a loss in a declining market.

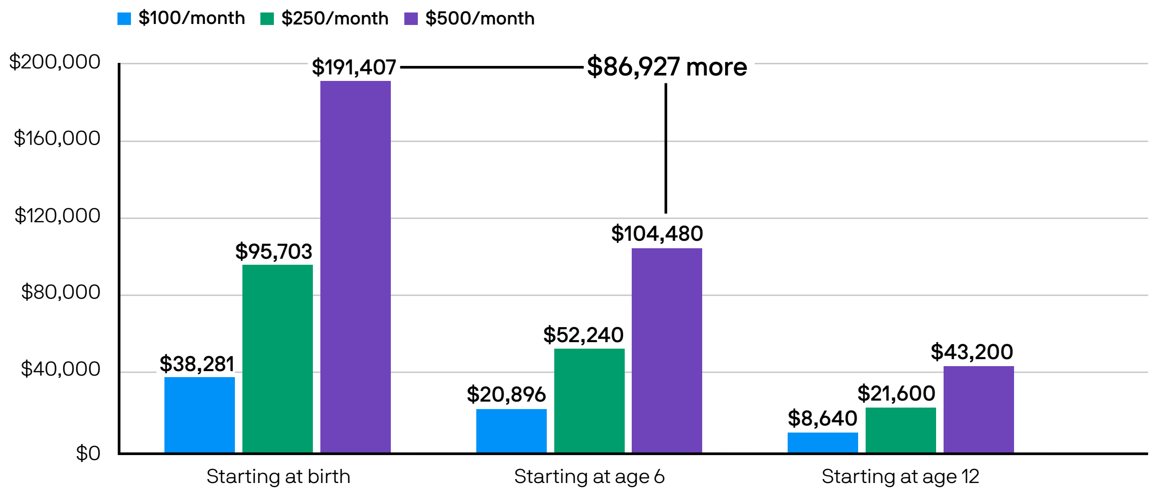
Start early, save more

Saving and investing

The sooner you start investing, the more time you have to grow your college fund through the power of long-term compounding.

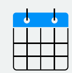
Small monthly contributions add up over time

Total amounts accumulated at different starting ages[1]



Put college investing on autopilot

Three-quarters of 529 plan users make automatic contributions from bank accounts or paychecks.[2]



1. J.P. Morgan Asset Management. This hypothetical example illustrates the future values at age 18 of different regular monthly investments for different time periods. Chart also assumes an annual investment return of 6%, compounded monthly. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses. Such costs would lower performance. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. A plan of regular investment cannot ensure a profit or protect against a loss in a declining market. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.
2. ISS Market Intelligence, *529 Industry Analysis 2023*.

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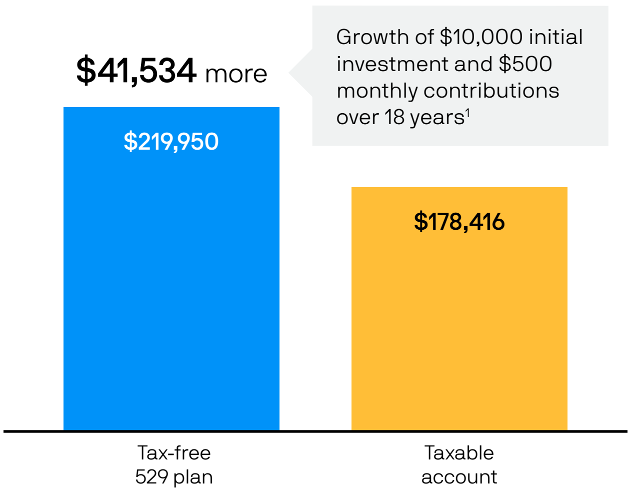
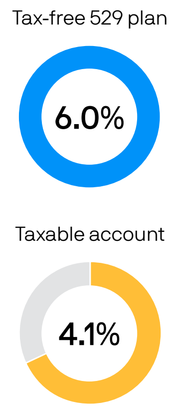
Tax-efficient investing

A tax-advantaged 529 plan has the potential to grow faster than a taxable investment earning the exact same returns.

Lower taxes equal a larger college fund



After-tax return on 6% investment gain[1]



State tax benefits

Many 529 plans offer state tax benefits in addition to federal tax-free investing.[2] See page 42 for more information.

1. J.P. Morgan Asset Management. Illustration assumes an initial $10,000 investment and monthly investments of $500 for 18 years. Chart also assumes an annual investment return of 6%, compounded monthly, and a federal tax rate of 32%. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.
2. Earnings 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 529 plan advantage

Tax-advantaged investing

- **Tax-deferred compounding** of contributions and earnings
- **Tax-free withdrawals** for qualified education expenses[1]
- **Tax-deductible contributions** in some states

Estate planning benefits

- Contributions and investment gains **removed from taxable estate**
- Option to make **five years of tax-free gifts in a single year** — up to $180,000 per beneficiary from married couples filing jointly and $90,000 from individuals[2]
- **Only completed gift that can be revoked** under current laws

Control and flexibility

- Account owner retains **full control over assets**
- **Can change beneficiaries** to other eligible family members
- Covers **any qualified expense** at accredited U.S. and foreign colleges, trade schools, and apprenticeship programs[3]
- **Minimal impact on financial aid eligibility**

Accessible and affordable

- **No income limits** on contributors
- **No age limits** on beneficiaries or contributors
- **No mandatory withdrawals** at any age
- **Very low investment minimums** make it easy to get started
- **High contribution limits,** often $400,000 or more per beneficiary[4]

1. Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. Under federal law, you may withdraw funds from your Account to pay K-12 Tuition Expenses, Apprenticeship Program Expenses, Qualified Education Loan Repayments, and/or Roth IRA Rollovers. For federal tax purposes, each of a distribution to pay K-12 Tuition Expenses, pay Apprenticeship Program Expenses, make Qualified Education Loan Repayments, and make a Roth IRA Rollover is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and penalties. However, if you are a New York State taxpayer, the distributions for K-12 Tuition Expenses, Qualified Loan Repayments, and Roth IRA Rollovers are not considered a New York Qualified Withdrawal and will require the recapture of any New York State tax benefits that have accrued on contributions. State tax benefits for non-resident New York taxpayers may vary. Tax and other benefits are contingent on meeting other requirements. Please consult your tax professional about your particular situation.
2. No additional gifts can be made to the same beneficiary over a five-year period. If the donor does not survive the five years, a portion of the gift is returned to the taxable estate.
3. To search for accredited schools, visit https://studentaid.gov/fafsa-app/FSCsearch.
4. The Program Administrators of New York's 529 Advisor-Guided College Savings Program impose a maximum aggregate balance of all accounts for a single beneficiary in qualified tuition programs sponsored by the State of New York, which limits the amount of contributions that may be made for any one beneficiary, as required by Section 529 of the Internal Revenue Code. The current maximum account balance is $520,000.

Using 529 plans

A flexible 529 plan can be used to pay for a wide range of education expenses — and beyond.

Pay for post-secondary education[1]

- Tuition and fees
- Room and board
- Books and supplies
- Computers and related equipment
- Apprenticeship programs

Includes community colleges, four-year universities, graduate schools and vocational/trade schools

Pay other education expenses[1]

- Education loan payments
- Special needs services
- K-12 tuition

529 plan rules vary by state

Check with your plan to see if any uses are considered non-qualified for state tax purposes.

How to keep extra 529 funds in your family

- Change account beneficiary to another eligible family member
- Withdraw amounts equal to scholarships received[2]

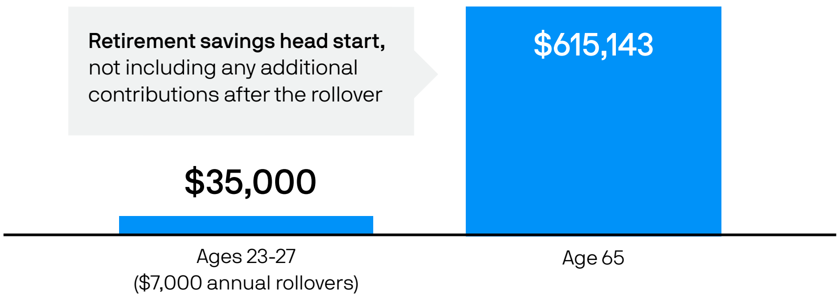
1. Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. Under federal law, you may withdraw funds from your Account to pay K-12 Tuition Expenses, Apprenticeship Program Expenses, and/or Qualified Education Loan Repayments. For federal tax purposes, each of a distribution to pay K-12 Tuition Expenses, pay Apprenticeship Program Expenses, and make Qualified Education Loan Repayments is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and penalties. However, if you are a New York State taxpayer, the distributions for K-12 Tuition Expenses and Qualified Loan Repayments are not considered a New York Qualified Withdrawal and will require the recapture of any New York State tax benefits that have accrued on contributions. State tax benefits for non-resident New York taxpayers may vary. Tax and other benefits are contingent on meeting other requirements. Please consult your tax professional about your particular situation.
2. The 10% federal penalty tax is waived, but investment earnings withdrawn are subject to federal income tax as well as any applicable state and local income taxes.

New in 2024: Rollovers from 529 plans to Roth IRAs

Moving extra money to Roth IRAs extends tax benefits beyond college while easing concerns about overfunding 529 accounts.

Giving college graduates a head start on retirement savings

Growth of $35,000 rollover from 529 plan to Roth IRA



Consult your financial or tax professional

Qualified rollovers are free from federal taxes and penalties, but each state sets its own 529 plan rules.

Questions about 529-to-Roth rollovers

Who is eligible?

- No income limits
- Roth IRA must be in same name as 529 beneficiary
- Beneficiary's annual job earnings must equal or exceed rollover amount

How much can be rolled over?

- $7,000 annual maximum per beneficiary ($8,000 if age 50 or older)
- $35,000 lifetime maximum per beneficiary

When can rollovers occur?

- 15+ years after 529 account opened
- Can't include 529 contributions or investment earnings within five years of rollover

Source: J.P. Morgan Asset Management. Chart assumes $7,000 annual rollovers with 7% annual returns, compounded monthly, which grow to $43,362 after five years. For illustrative purposes only. Under federal law, you may withdraw funds from your Account to pay K-12 Tuition Expenses, Apprenticeship Program Expenses, Qualified Education Loan Repayments, and/or Roth IRA Rollovers. For federal tax purposes, each of a distribution to pay K-12 Tuition Expenses, pay Apprenticeship Program Expenses, make Qualified Education Loan Repayments, and make a Roth IRA Rollover is considered a Federal Qualified Withdrawal and is, therefore, free from federal taxes and penalties. However, if you are a New York State taxpayer, the distributions for K-12 Tuition Expenses, Qualified Loan Repayments, and Roth IRA Rollovers are not considered a New York Qualified Withdrawal and will require the recapture of any New York State tax benefits that have accrued on contributions.

Making the most of college gifts

Saving and investing

Only 529 plans allow five years of tax-free gifts in one year to help families meet college costs and manage estate taxes.

One gift at birth can pay all or most four-year college costs

Contributor	2024 annual gift limit		Maximum tax-free 529 gift[1]	Investment growth over 18 years[2]	
Individual	**$18,000**	x5	**$90,000 per child**	$256,891	**Pays 103%** of projected four-year **in-state public college** costs
Couple	**$36,000**	x5	**$180,000 per child**	$513,781	**Pays 88%** of projected four-year **private college** costs

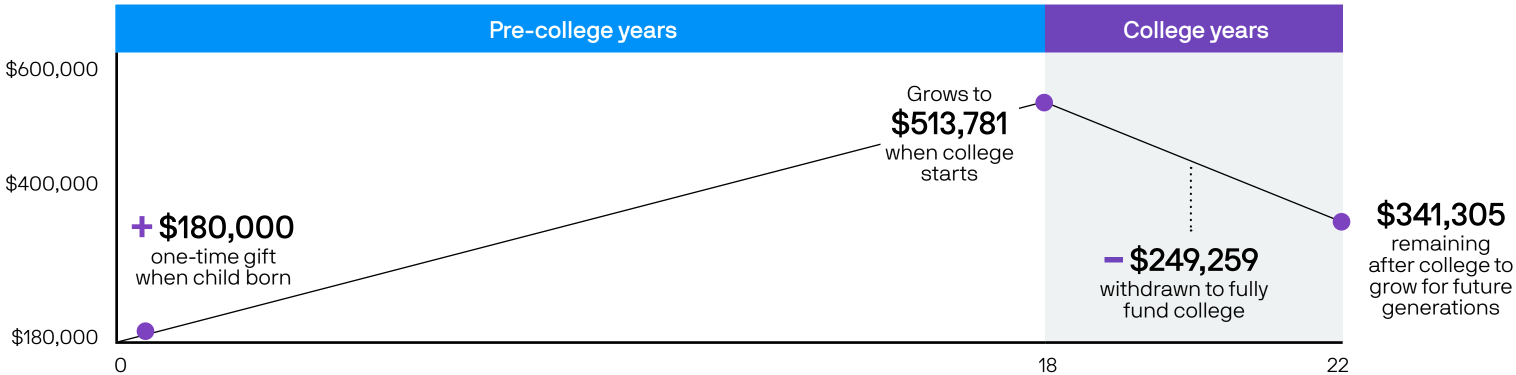
All 529 plan gifts and investment gains are **removed from the contributor's taxable estate** — without losing control.

1. No additional gifts can be made to the same beneficiary over a five-year period. If the donor does not survive the five years, a portion of the gift is returned to the taxable estate.
2. J.P. Morgan Asset Management. Illustration assumes an annual investment return of 6%, compounded monthly. This example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. Investment losses could affect the relative tax-deferred investing advantage. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. Average projected four-year college costs are based on College Board's *Trends in College Pricing and Student Aid 2023*, assuming 5% annual inflation. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.

Creating family legacies with 529 plans

Any money left in a 529 plan after college can continue growing for future generations.[1]

Investing for many generations with one 529 plan gift
Growth of one-time accelerated $180,000 gift, from birth through college[2]



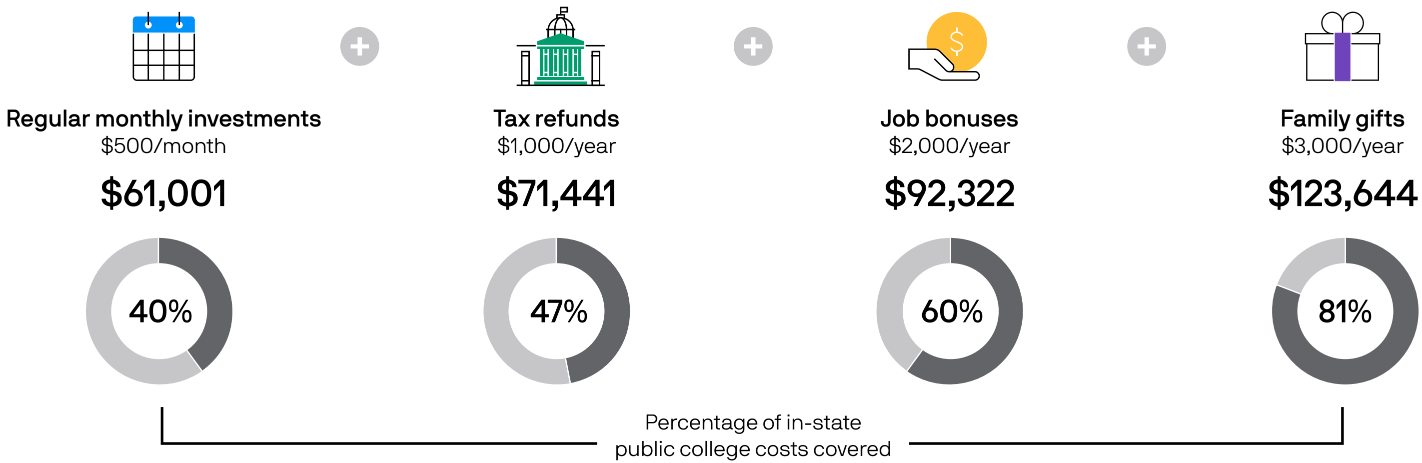
1. The Beneficiary of a 529 Account can be changed at any time. If the new Beneficiary is a Member of the Family, the change of Beneficiary is free from New York State and federal income tax. A Member of the Family includes the Beneficiary's child or step-child (and their descendants); sibling or step-sibling; parent or step-parent (and their ancestors); niece or nephew; aunt or uncle; a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law; the spouse of the Beneficiary or the spouse of any individual described above; or a first cousin of the Beneficiary.
2. J.P. Morgan Asset Management. Illustration assumes an annual investment return of 6%, compounded monthly. This example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. Investment losses could affect the relative tax-deferred investing advantage. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. Illustration assumes student attends an in-state public college. Average projected four-year college costs are based on College Board's *Trends in College Pricing and Student Aid 2023*, assuming 5% annual inflation. Changing a 529 plan beneficiary to another generation may result in federal gift and generation-skipping transfer taxes. Please consult a tax professional for advice specific to your situation. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.

Catching up on college investing

By funding 529 plans with manageable amounts from multiple sources, late starters may still have time to achieve their goals.

Combining monthly investments with other sources of college savings

Example: Getting started for a 10-year-old

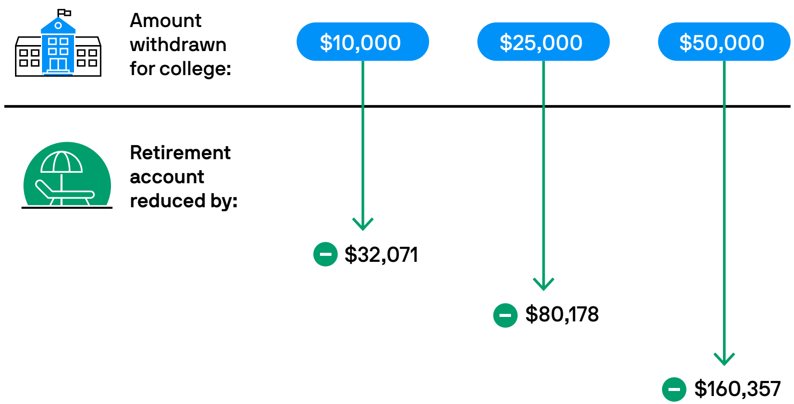


Source: J.P. Morgan Asset Management. This hypothetical illustration assumes an annual investment return of 6%, compounded monthly. Investment losses could affect the relative tax-deferred investing advantage. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. All savings sources combined reflect $500 monthly investments, plus $6,000 in combined annual tax refunds, bonuses and family gifts. Projected four-year college costs are based on College Board's *Trends in College Pricing and Student Aid 2023,* assuming 5% annual inflation. Projected college costs for this example are $153,023, which includes average tuition, fees, and room and board at an in-state public college. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. This example does not represent the performance of any specific investment and does not reflect any management fees or expenses that would be paid by a 529 plan participant. These costs would lower performance. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.

Don't pay for college with retirement funds

Every dollar used for college can mean several less for retirement, due to years of lost investment earnings and compounding.

How college withdrawals can jeopardize retirement security[1]



Retirement accounts may also be reduced by:

- **Potential taxes** due on amount withdrawn[2]
- **Potential 10% penalty** if under age 59½[2]

Keep college and retirement separate

A 529 education plan offers special tax benefits not available in retirement accounts, along with greater flexibility and higher contribution limits.

A dangerous decision

Two in five Americans have used retirement funds to pay for college.[3]

1. J.P. Morgan Asset Management. This illustration assumes that assets would have remained in a tax-advantaged retirement account instead of being withdrawn for college, earning 6% annual investment returns for 20 years, compounded monthly. This example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. Investment losses could affect the relative tax-deferred investing advantage. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses. Such costs would lower performance. Shown for illustrative purposes only. Past performance is no guarantee of future results.
2. Distributions from certain retirement accounts, including IRAs, may not be subject to the 10% penalty tax if used for qualified higher education expenses. Income taxes may be due on withdrawals if certain requirements are not met. Refer to IRS Publication 970 or consult your tax professional regarding your personal circumstances.
3. Society of Actuaries, June 2023. Based on respondents saving for both retirement and college.

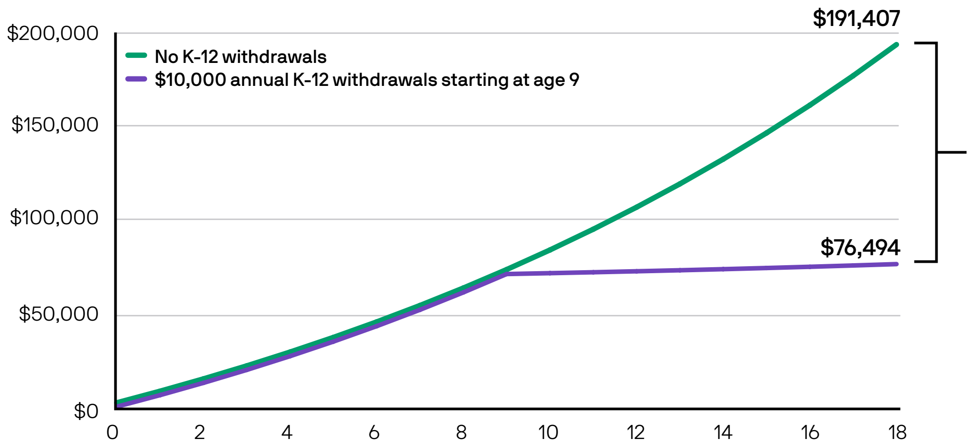
How K-12 withdrawals impact college funds

Saving and investing

Withdrawing money from a 529 plan before college can leave families with less during college.

The price of K-12 withdrawals

Growth of $500 monthly investments over 18 years[1]



$114,913 less

Equals nearly two years of projected four-year in-state public college costs[2]

Check your 529 plan

Annual withdrawals of up to $10,000 per beneficiary for private K-12 tuition are **free from federal taxes,** but state tax consequences may apply in certain states.[3]

1. J.P. Morgan Asset Management. Illustration assumes an annual investment return of 6%, compounded monthly. It also assumes $10,000 annual K-12 withdrawals between ages 9 and 17. This example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. Investment losses could affect the relative tax-deferred investing advantage. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.
2. College Board, *Trends in College Pricing and Student Aid 2023*, assuming 5% annual inflation. Based on average tuition, fees, and room and board at an in-state, four-year public college.
3. Under New York State law, withdrawals used to pay elementary or secondary school tuition or qualified education loan repayments are considered non-qualified distributions and will require the recapture of any New York State tax benefits that have accrued on contributions.

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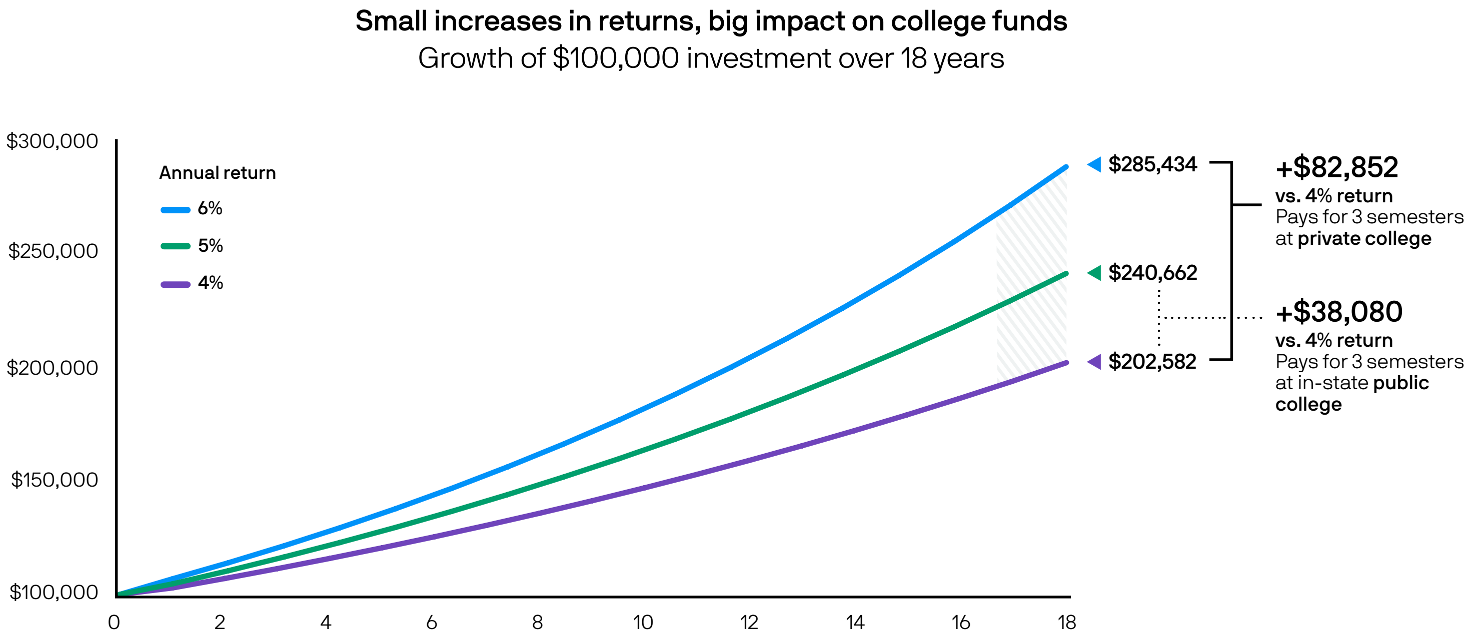
ASSET MANAGEMENT

Performance pays

Saving and investing

Even small increases in investment returns can make a big difference when it comes time to pay for college.



Source: J.P. Morgan Asset Management, using College Board's *Trends in College Pricing and Student Aid 2023*. This hypothetical illustration assumes an investment of $100,000 over an 18-year period, with returns compounded monthly. Different assumptions will result in outcomes different from this example. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses. Such costs would lower performance. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision.

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Staying diversified over 18 years

Saving and investing

Compare the best, worst and average annual returns for different investments over rolling 18-year periods.

Best, worst and average rolling 18-year periods

Average annual returns, 1983–2023

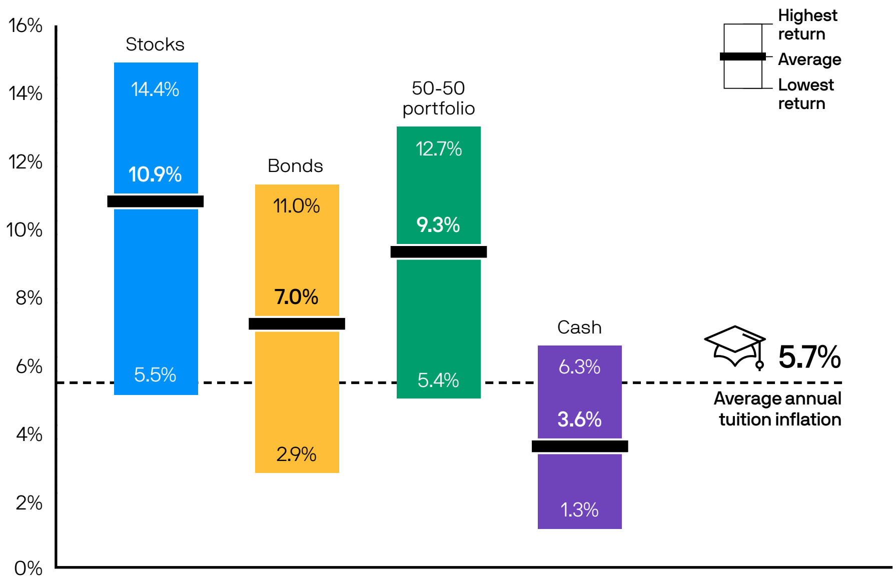

Chart highlights

- Average returns for both stocks and bonds **outpaced tuition inflation.**
- The diversified portfolio delivered **higher returns** than bonds, with **lower volatility** than stocks.
- Average returns for short-term **cash did not keep pace** with tuition inflation.

Source: Barclays Capital, FactSet, Robert Shiller, Strategas/Ibbotson, Federal Reserve, BLS, J.P. Morgan Asset Management. Rolling returns shown are based on calendar-year returns from 1983 through 2023. Stocks are represented by S&P 500 Index, bonds by Bloomberg Barclays U.S. Aggregate Index and cash by Bloomberg Barclays U.S. Treasury Bellwethers 3M Index. Data are as of 12/31/23. Past performance is not indicative of future results. Diversification does not guarantee investment returns and does not eliminate the risk of loss.

College preparation timeline

Appendix

Planning in advance and filing early for financial aid may help students get into their preferred colleges.

	September–November	December–February	March–May	June–August
High school junior	• Begin researching colleges • Take PSAT/SAT/ACT	• Begin to formulate college list • Retake SAT/ACT or continue test preparation • Schedule college visits	• Retake SAT/ACT (if needed) • Take AP exams • Write college essay • Get recommendations from guidance counselor, teachers and others	• Finalize college list • Visit colleges **Aug. 1:** Common App released online • Begin applying for scholarships
High school senior	**Oct. 1: File** FAFSA • Register for CSS Profile (if required) **Nov. 1: Apply early decision/early action** • Retake SAT/ACT (if needed)	• Consider early decision acceptances • Submit regular decision applications	• Consider regular decision acceptances **May 1: Make final decision/pay deposit** • Take AP exams • Finalize loan applications (if needed)	• Pay for Fall semester **College begins**

Key dates

Source: J.P. Morgan Asset Management. For informational purposes only. Check with individual colleges regarding their application deadlines and policies.
See page 35 for additional resources.

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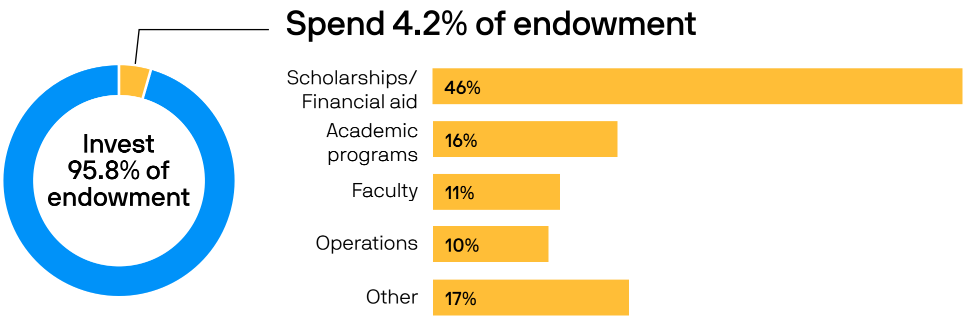
College endowments and financial aid

Endowments fund college scholarships and financial aid, but not enough to cover a typical family's costs.

What endowments do with money received from donors



Why not spend more?

Most endowments are meant to last in perpetuity, so they generally have limits on annual spending to **reduce the risk of running out of money.**

Few college students get the full benefit of endowments

100 biggest U.S. endowments	Average endowment
80% of all endowment assets More student aid, but usually **higher-cost colleges**	**$3.9 million spent on student aid** Enough to fund **only 162 full scholarships**

Source: *2022 NACUBO-TIAA Study of Endowments®*. Average endowment spending is based on a 4.2% spending rate, with 46% going to student aid. Full scholarship amount is based on College Board's *Trends in College Pricing and Student Aid 2023*, using average tuition, fees, and room and board for four-year, in-state public college.

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Financial aid and college planning websites

Financial aid

fafsa.gov
cssprofile.collegeboard.org
studentaid.gov
irs.gov
(IRS Publication 970, *Tax Benefits for Education*)

Grants and scholarships

goingmerry.com
fastweb.com
applly.com
petersons.com
finaid.org

529 college savings plans

collegesavings.org
savingforcollege.com

Aid for New York residents (including the Excelsior Scholarship)

hesc.ny.gov

College preparation

collegeboard.org
collegeconfidential.com
act.org

Sources of financial aid

	Types of financial aid	Details
U.S. federal government	Grants and scholarships Loans Work-study Tax credits and deductions	In addition to aid from the U.S. Department of Education, scholarships and loan repayment may be available to qualified students through other government entities.
States	Grants and scholarships	Example: New York's Tuition Assistance Program offers grants of up to $5,665 per year to eligible residents attending approved New York State schools and meeting income limits.
Colleges	Grants and scholarships	Aid may be available for attending a particular college and/or studying specific majors.
Nonprofit or private organizations	Grants and scholarships	Possible sources include charitable foundations, religious and community organizations, local businesses, ethnicity-based organizations, students' and parents' employers, civic groups, and professional associations related to a field of study.
Banks, credit unions or other lenders	Private loans	Tend to have higher interest rates and less flexible repayment options than federal loans.

Types of financial aid

Grants and **scholarships** are free gifts that generally don't have to be repaid.

Grants are typically **need-based**, while scholarships are **merit-based**.

Loans must be paid back with interest.

Source: studentaid.gov (U.S. Department of Education).

Financial aid: Types of applications

Appendix

The Free Application for Federal Student Aid (FAFSA) is required by all colleges to award federal and institutional aid. About 250 colleges also require students to submit the CSS Profile, a more detailed assessment used to determine eligibility for institutional scholarships, grants or loans.[1]

Income and assets reported[2]	FAFSA	CSS Profile
Taxable income	●	●
Untaxed income (i.e., tax-deductible IRA contributions, tax-exempt interest, untaxed retirement distributions)	●	●
Interest and dividend income	●	●
Bank and investment accounts	●	●
Education savings accounts in student's name, owned by either parent or student	●	●
Trust funds	●	●
Investment real estate net worth	●	●
Business or farm net worth	●	●
Child support received	●	●
Parent assets held in sibling names[3]		●
Retirement assets		●
Home equity (primary home)		●
Education savings accounts in student's name, owned by grandparents or other non-parents		●
Income and assets for both divorced or separated parents (and spouses, if remarried)		●
Pre-tax contributions to employer retirement plans		●
Mandatory contribution from student income		●
Untaxed Social Security benefits		●

Allowances and deductions[2]	FAFSA	CSS Profile
Number in household	●	●
Federal income and/or payroll taxes paid	●	●
Income and asset protection allowances	●	●
Education-related benefits (i.e., federal tax credits, taxable grants/scholarships, federal work-study)	●	●
Employment/business expenses	●	●
Number of family members enrolled in college		●
State taxes paid		●
Private K-12 tuition for siblings		●
Medical and dental expenses		●
Emergency reserve allowance		●
Education loan payments		●
Child support paid		●
Regional cost-of-living adjustments		●

1. College Board. The CSS Profile may vary by institution. See financial aid office or net price calculator at your desired institution for more information about what is used to calculate awards.
2. For illustrative purposes only. Information is not meant to be exhaustive. Review the FAFSA and CSS Profile applications for additional details.
3. For siblings under age 19 and not enrolled in college.

Federal student aid: A sample of grant programs

Appendix

	Details	2023-24 award year Annual award limit
Federal Pell Grant	Generally awarded to undergraduate students with exceptional financial need; click here for eligibility requirements	up to **$7,395**
Federal Supplemental Educational Opportunity Grant (FSEOG)	• Awarded to undergraduate students with exceptional financial need • Federal Pell Grant recipients receive priority • Not all colleges participate • Funds depend on availability at the college; apply by college's deadline	up to **$4,000**
Teacher Education Assistance for College and Higher Education (TEACH) Grant	• For undergraduate or graduate students taking eligible coursework needed to become elementary or secondary teachers • Must attend a participating college and meet certain academic achievement requirements • Must agree to serve as a full-time highly qualified teacher in a high-need field and low-income area for at least four years within the first eight years after college • Failure to complete the teaching service commitment results in grant funds being converted to a Federal Direct Unsubsidized Loan that must be repaid with interest	up to **$3,772**
Iraq and Afghanistan Service Grant	• Non-need-based, this grant is available to any undergraduate student who is not eligible for a Federal Pell Grant and whose parent or guardian died as a result of performing military service in Iraq or Afghanistan after the events of 9/11 • Must have been younger than 24 years old or enrolled in college at least part-time at the time of the parent's or guardian's death	up to **$6,973**

Source: U.S. Department of Education. Awards are subject to availability of funds, and recipients must meet certain eligibility requirements. This is for informational purposes only. To learn more, visit https://studentaid.gov/understand-aid/types/grants.

Federal student aid: Loan programs

Appendix

	Lender	Eligibility	Interest rate	Annual loan limit
Direct Subsidized Loan	U.S. Department of Education	Undergraduate students enrolled at least half-time and demonstrating financial need	**5.50%** Student not charged interest while in school and during deferment periods	**$3,500-$5,500** depending on year in school
Direct Unsubsidized Loan	U.S. Department of Education	Undergraduate and graduate students enrolled at least half-time, regardless of financial need	**5.50%** for undergraduates **7.05%** for graduate students Student responsible for interest during all periods	**$5,500-$12,500** for undergraduates, depending on year in school and dependency status **$20,500** for graduate students
Direct PLUS Loan for parents	U.S. Department of Education	Parents of dependent undergraduate students enrolled at least half-time Parents must not have negative credit history	**8.05%** Parents responsible for interest during all periods	Cost of attendance (determined by the school) minus any other financial aid received
Direct PLUS Loan for graduate or professional students	U.S. Department of Education	Graduate or professional degree students enrolled at least half-time Student must not have negative credit history	**8.05%** Student responsible for interest during all periods	Cost of attendance (determined by the school) minus any other financial aid received

Source: U.S. Department of Education. Interest rates apply to loans first disbursed between July 1, 2023, and June 30, 2024. For more information, visit https://studentaid.gov/understand-aid/types/loans.

Other sources of college funding

Compared to these options, a 529 education plan is usually the better choice.

	How it works	Pros	Cons
Roth IRA	Withdraw retirement funds to pay for college	• No taxes or penalties when contributions withdrawn[1] • No penalty if investment earnings withdrawn for qualified higher education expenses • Assets not considered for federal financial aid	• Withdrawals for college reduce retirement savings (see page 29) • Potential taxes on investment earnings withdrawn[2] • Annual contributions limited to $7,000 ($8,000 if age 50 or older) • Contributors subject to income limits; no gifts allowed from others • No state tax benefits
Life insurance	Withdraw or borrow against the cash value of a policy to pay for college	• Cash value grows tax-deferred; withdrawals generally tax-free[3] • Cash value not considered an asset for federal financial aid	• Subject to fees, commissions and surrender charges • Loan interest not generally tax deductible • No state tax benefits
Home equity loan	Borrow against home equity value to pay for college	• Have fixed interest rates often lower than college loans • Not subject to borrowing limits of federal loans	• Interest not tax deductible when used for college • Less repayment flexibility than federal loans • Risk of foreclosure if loan not repaid
Private loan	Borrow from bank, credit union or other lenders outside the U.S. government	• Interest may be tax deductible, subject to income limits • Higher borrowing limits than federal loans	• Interest rates often variable and higher than federal loans • Interest may be due while student is in college • Less repayment flexibility than federal loans • Often require cosigners

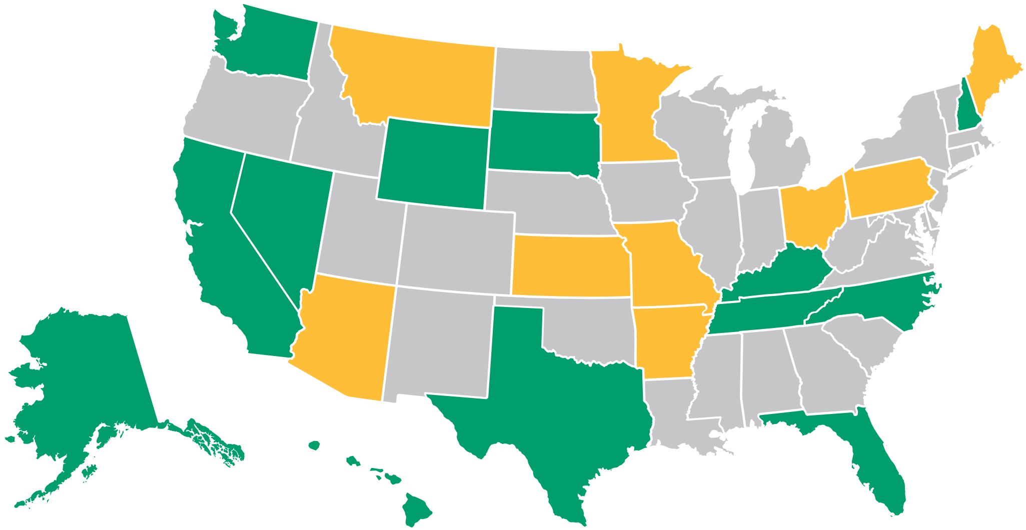
1. Subject to certain requirements. Penalties may be due if contributions from a converted account are withdrawn within five years of the conversion. Please consult a tax professional for additional details.
2. Withdrawals of investment earnings are tax free if the account owner is over age 59½ and the Roth IRA has been open at least five years. Please consult a tax professional for additional details.
3. If withdrawal amounts exceed the premiums paid, taxes may be due on the difference.

College-related tax breaks[1]

	Details	Income limits	Tax benefits
Tax-advantaged education savings plans	**529 plans** for four-year universities, graduate school, vocational/trade schools and community college	None	Contributions not typically deductible from federal taxes; **investments grow tax-deferred,** and **withdrawals are generally tax-free** for qualified expenses[2]
	Coverdell Education Savings Accounts for any level of education, from elementary school through graduate school	Single: $110,000 Married filing jointly: $220,000	
Federal tax credits[3]	**American Opportunity Tax Credit** for qualified expenses in the first four years of college	Single: $90,000 Married filing jointly: $180,000	Reduce taxes by up to **$2,500 per student each year** (100% of the first $2,000 of qualified expenses, and 25% of the next $2,000)
	Lifetime Learning Credit for qualified expenses in an unlimited number of years of college		Reduce taxes by up to **$2,000 per tax return each year** (20% of the first $10,000 of qualified expenses)
Student loan interest deduction	For interest paid on student loans taken out for yourself, your spouse or dependents	Single: $95,000 Married filing jointly: $195,000	Reduce taxable income by up to **$2,500 each year**
State tax deductions	Some states allow deductible contributions to a 529 education plan for state income tax purposes	Varies by state	Varies by state; see page 42 for more information

1. Must meet certain eligibility requirements. Information as of November 2023. Please consult a tax professional for additional details.
2. Tax-free withdrawals cannot be taken for the same expenses used to claim tax credits.
3. Taxpayers cannot claim both credits for the same student in the same year.

529 plans: State tax benefits[1]



Tax parity states

These states offer a tax deduction for contributing to **any 529 plan**, including out-of-state plans that may be more attractive than the in-state option: Arizona, Arkansas,[2] Kansas, Maine, Minnesota,[2] Missouri, Montana, Ohio, Pennsylvania.

Tax-neutral states

These states offer **no state tax deduction** for 529 plan contributions: Alaska, California, Florida, Hawaii, Kentucky, Nevada, New Hampshire, North Carolina, South Dakota, Tennessee, Texas, Washington, Wyoming.

All other states

These states offer potential tax breaks on contributions made **only to in-state 529 plans.**

Some states have income limits

Tax breaks may be subject to income requirements in some states, including Delaware, Maine, Minnesota, New Jersey, Oregon and Pennsylvania. **Check with individual plans for more details.**

1. As of December 2023.
2. Arkansas offers larger tax deductions for contributions made to an in-state 529 plan. Minnesota offers either a tax deduction or tax credit, depending on income. Consult the plans for more details.

Index definitions and disclosures

Indices are unmanaged, and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

The **Bloomberg Barclays U.S. Treasury Bellwethers 3M Index** tracks the performance and attributes of the on-the-run (most recently auctioned) U.S. Treasury bill with 3 months' maturity. The index follows Bloomberg Barclays Capital's index monthly rebalancing conventions. It contains index history starting January 1, 1981.

The **Bloomberg Barclays Capital U.S. Aggregate Index** represents securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. This world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 Index focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. An investor cannot invest directly in an index.

Past performance is no guarantee of comparable future results.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise.

The price of **equity** securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk," meaning that stock prices in general may decline over short or extended periods of time.

Disclosures

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For more information about New York's 529 Advisor-Guided College Savings Program, you may contact your financial professional or obtain an Advisor-Guided Plan Disclosure Booklet and Tuition Savings Agreement at www.ny529advisor.com or by calling 1-800-774-2108. This document includes investment objectives, risks, charges, expenses, and other information. You should read and consider it carefully before investing.

Before you invest, consider whether your or the Beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.

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1. As of 9/30/23.
2. Diversification does not guarantee investment returns and does not eliminate the risk of loss.
3. Deductions may be subject to recapture in certain circumstances, such as rollovers to another state's plan; distributions for tuition expenses in connection with enrollment or attendance at an elementary or secondary public, private or religious school; or qualified education loan repayments.

New York's 529 Advisor Guided® College Savings Program

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