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The Schwab 529 Education Savings Plan

Rely on Schwab's
expertise to help
you plan for
future education
expenses.



Own your tomorrow.

Saving for college or other education expenses: A 529 plan is essential

Tuition, fees, books, room and board. It all adds up, and quickly. Whether you are saving for your child, yourself, or other loved ones, Schwab will help you get started today. Because the earlier you begin, the longer you'll save, and the more your money can benefit from tax-advantaged growth potential.

What is a 529 plan?

A 529 plan is a state-sponsored education savings plan. It offers tax benefits to help parents, relatives, and friends invest for future education expenses. Residents of any state can contribute to a 529 plan of their choice, for a student of any age.

Open a 529 plan and watch the benefits add up

A 529 plan offers the built-in tax advantages and flexibility to meet your education savings goals.

Tax benefits

Tax-deferred growth—With a 529 plan, any earnings accumulate without incurring federal income tax, so your investment can grow at an even faster pace than it could in a taxable account.

Tax-free withdrawals—You pay no federal taxes on withdrawals as long as they are used for qualified education expenses.¹ The availability of tax or other benefits may be conditioned on meeting certain requirements, such as residency, purpose or timing of distributions, or other factors.

Special gift-tax exclusion—You can contribute a lump sum of up to \$75,000 (\$150,000 per couple) for each beneficiary in a single year without incurring gift tax.²

Other key benefits

High contribution limits—A 529 plan allows for higher contributions than a Coverdell Education Savings Account.

Account control—As the account owner, you maintain control over the account. You make the investment selection and can change it twice per calendar year as authorized by the IRS, or upon a change in beneficiary. You can change the beneficiary to another qualified family member at any time. You can also withdraw the funds (subject to taxes and penalties).

Flexibility—The beneficiary can use funds for a broad range of education expenses at accredited universities and colleges, approved vocational programs, and K–12 schools.³

Financial aid—529 plans have a low impact on financial aid. Only 5.6% of the value of the account is considered a parental asset for financial aid calculations. There is no impact if the account is owned by another relative, such as a grandparent, aunt, or uncle. However, withdrawals from accounts not owned by the student or his/her parents are treated as income to the student.

Why choose a Schwab 529 Plan?

Flexibility to help you meet your education savings goals.

No account service fee—The Schwab 529 Plan has no account service fee or enrollment fee. Other account fees, fund expenses, brokerage commissions, and service fees may apply.⁴

National eligibility—The Schwab 529 Plan is sponsored by the state of Kansas. Residents of any state may open accounts (non-Kansas residents should consider any potential benefits their own state's plan, if any, may offer to its residents).

No account minimums—There is no account minimum to open a Schwab 529 Plan account.

Low costs—We seek to keep our fees low, so more of your money stays in your Schwab 529 Plan account.

Experienced investment management—Portfolios are managed by American Century Investment Services, Inc., a Schwab Mutual Fund OneSource® participant.

High account maximum—\$402,000 per beneficiary.⁵

Easy ways to save

- Set up automatic annual increases. Help keep pace with inflation and your investment goals with automatic dollar increases to your scheduled monthly investment contributions.⁶
- Invite family and friends to make gift contributions on birthdays, graduations, and other special occasions through Ugift® at ugift529.com. This free-to-use, easy online service deposits their gift directly into your Schwab 529 Plan account.

529 plans can pay off

If saving for college is a top priority, a 529 plan may be a good choice. According to a recent study, parents with a 529 plan **save 68% more** than those simply using a savings account.⁷

What you need to know about your Schwab 529 Education Savings Plan

Eligibility—Any U.S. citizen or resident, regardless of age or income, may establish a Schwab 529 Plan account, and anyone may contribute to the account.

Portfolio fee—The portfolio fee includes a program management fee plus underlying fund expenses. The annual total portfolio fees for the Schwab 529 Plan range from 0.25% to 1.00%, depending on the investment you select.

Contribution deadline—To qualify for the gift-tax exclusion, your contribution must be received by December 31. To qualify for a state tax deduction (if applicable, based on your state of residency) contributions must generally be postmarked by December 31.

State tax benefits—Account owners who are Kansas taxpayers may receive an annual adjusted gross income deduction of up to \$3,000 (\$6,000 if married, filing jointly) per beneficiary for contributions made to the

program. Residents of Arizona, Kansas, Minnesota, Missouri, Montana, and Pennsylvania are eligible for an annual gross income deduction for contributions to any state-sponsored 529 plan. Deduction amounts vary by state. Consider any potential state tax benefits that may be offered only by your own state's plan.

Custodial transfers—You may be able to transfer all or part of a Schwab custodial account to the Schwab 529 Plan if you are the custodian for a Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minors Act (UTMA) account. This may result in a taxable transaction, but any future earnings may grow tax deferred, and later withdrawn tax free for qualifying expenses.⁸

ESA transfers—You may be able to transfer all or part of a Coverdell Education Savings Account to a Schwab 529 Plan.

Choose the right portfolio: Start by making three strategic decisions

Explore your options. Compare strategies. Your Schwab 529 portfolio is just a few decisions away.

1st decision



Select a static portfolio or an age-based option.

Static portfolio—You can select from a range of portfolios based on your investment objectives, risk tolerance, and time horizon: Aggressive, Moderately Aggressive, Moderate, Moderately Conservative, Conservative, Short-Term, and Money Market. Your investment will remain within the selected portfolio until you change it.

Age-based option—When you select an age-based track, your investment gradually becomes more conservative as the beneficiary approaches college. This hands-off approach allows you to pick a risk track that automatically adjusts itself over the life of your investment.

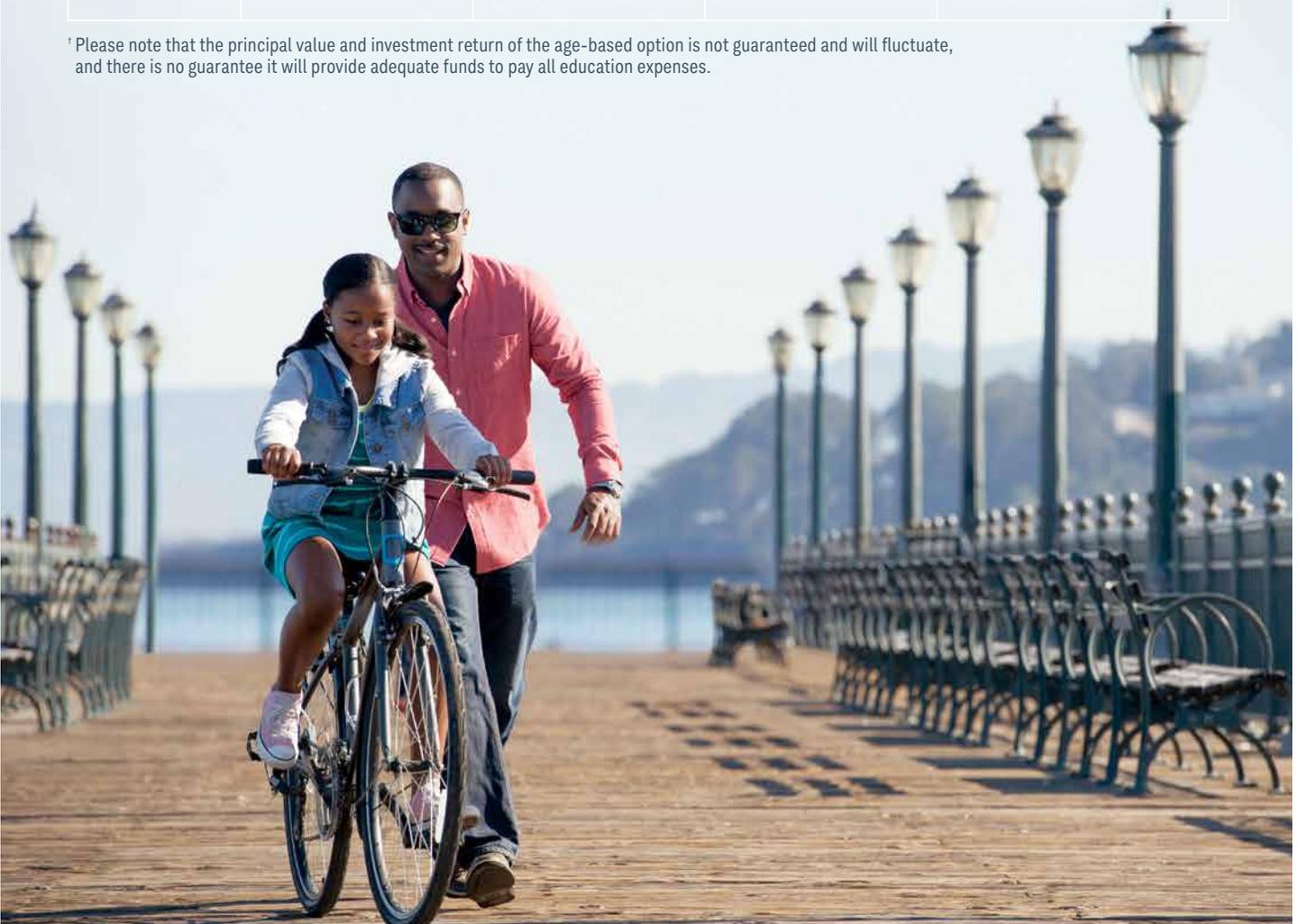
You may change your investment portfolio selection twice per calendar year as authorized by the IRS, or if you change the beneficiary. The age-based track migrations do not count as an investment change under the twice-per-calendar-year IRS rule.

Before making your decision, consider when you will likely incur education expenses. If your savings goal is short term, your priority may be to preserve principal in a lower-risk portfolio.

Age-based Tracks[†]

Age of Child	Aggressive Track	Moderately Aggressive Track	Moderate Track	Moderately Conservative Track
4 years old or younger	95% Equity Portfolio ↓	80% Equity Portfolio ↓	60% Equity Portfolio ↓	40% Equity Portfolio ↓
5–7 years	80% Equity Portfolio ↓	70% Equity Portfolio ↓	60% Equity Portfolio ↓	40% Equity Portfolio ↓
8–10 years	70% Equity Portfolio ↓	60% Equity Portfolio ↓	50% Equity Portfolio ↓	40% Equity Portfolio ↓
11–13 years	60% Equity Portfolio ↓	50% Equity Portfolio ↓	40% Equity Portfolio ↓	30% Equity Portfolio ↓
14–15 years	50% Equity Portfolio ↓	40% Equity Portfolio ↓	30% Equity Portfolio ↓	20% Equity Portfolio ↓
16–17 years	40% Equity Portfolio ↓	30% Equity Portfolio ↓	20% Equity Portfolio ↓	10% Equity Portfolio ↓
18–19 years	30% Equity Portfolio ↓	20% Equity Portfolio ↓	10% Equity Portfolio ↓	Short-Term Equity Portfolio ↓
20+ years	20% Equity Portfolio	10% Equity Portfolio	Short-Term Portfolio	Short-Term Equity Portfolio

[†] Please note that the principal value and investment return of the age-based option is not guaranteed and will fluctuate, and there is no guarantee it will provide adequate funds to pay all education expenses.



2nd decision



Determine your
risk level.

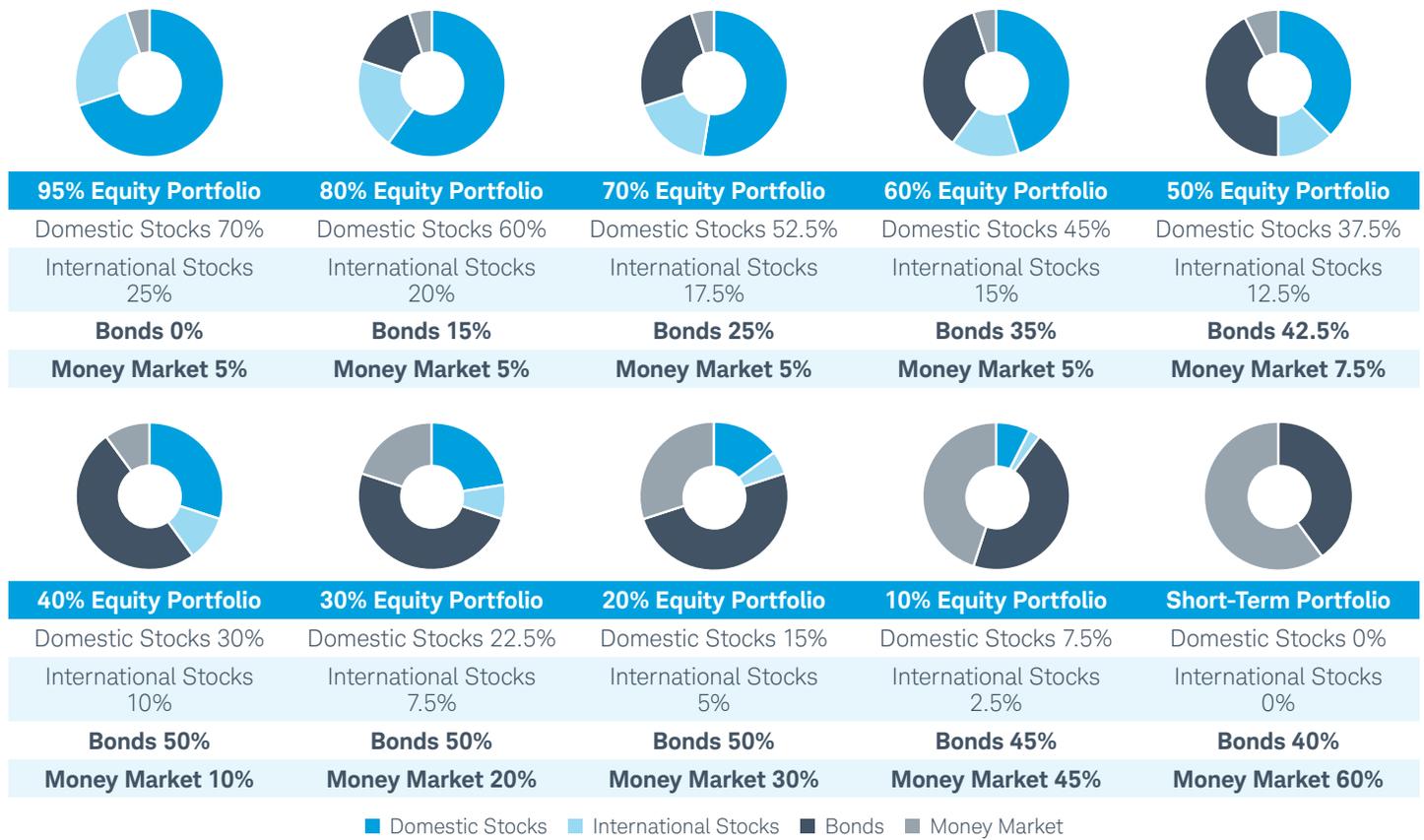
Schwab 529 Plan allocation portfolios—Only the Schwab 529 Plan gives you the ability to invest in portfolios constructed on Schwab’s asset allocation models. These models are designed to be diversified across asset classes to meet the full spectrum of investor profiles, from conservative to aggressive. In addition, the Schwab 529 Plan includes an option that invests 100% in a Schwab money market fund as an opportunity for investors who may be seeking stability of capital for a shorter-term time horizon.

Each of these 529 Plan portfolios includes fund families primarily within Schwab’s Mutual Fund OneSource® service, as well as Schwab Affiliate Funds.⁹ The Schwab 529 Plan employs multiple fund families to diversify across securities, industry sectors, and investment styles.

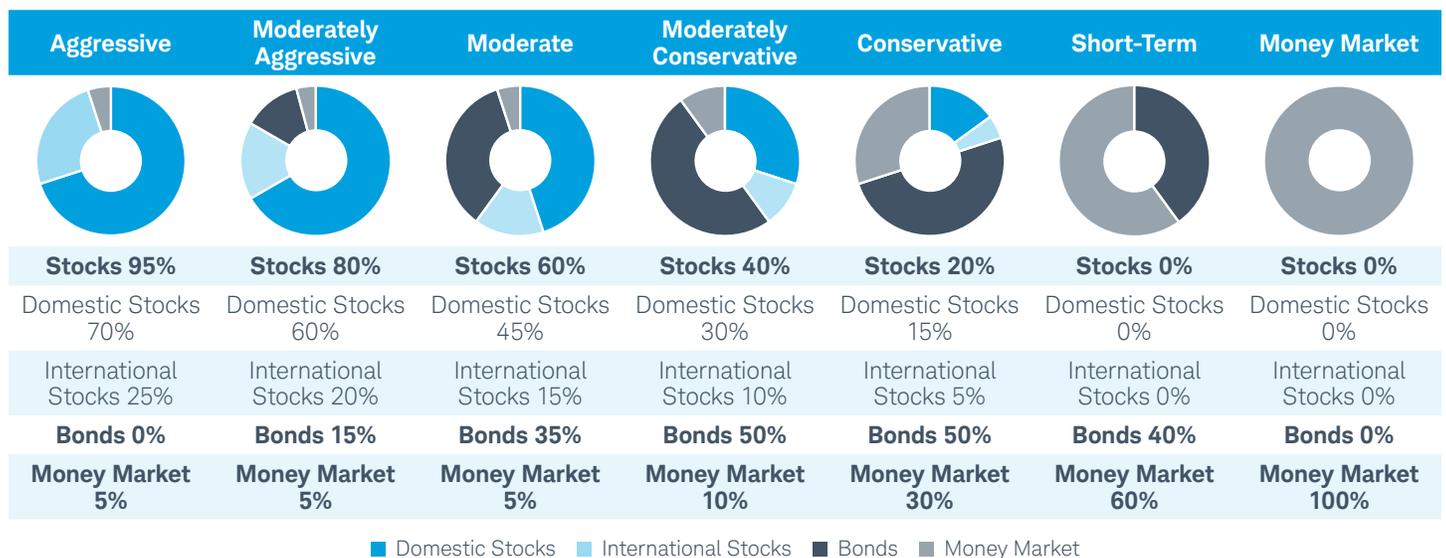
Combining different styles and strategies in a single portfolio helps to spread out investment risk. The selected funds come from the following companies:

- American Beacon Funds
- American Century Investments
- Baird Funds
- JP Morgan Funds
- Laudus Funds
- Metropolitan West Asset Management
- Schwab Funds
- Vanguard Funds

Age-Based Portfolios



Static Portfolios



An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the money market fund in which your investment option invests (the “underlying fund”) seeks to preserve its value at \$1 per share, the underlying fund cannot guarantee it will do so. The underlying fund’s sponsor has no legal obligation to provide financial support to the underlying fund, and you should not expect that the sponsor will provide financial support to the underlying fund at any time.

3rd decision



Choose between actively managed or index funds.

With both the static and age-based options, you can choose the type of funds—actively managed or index—that best suits your investing style and goals.

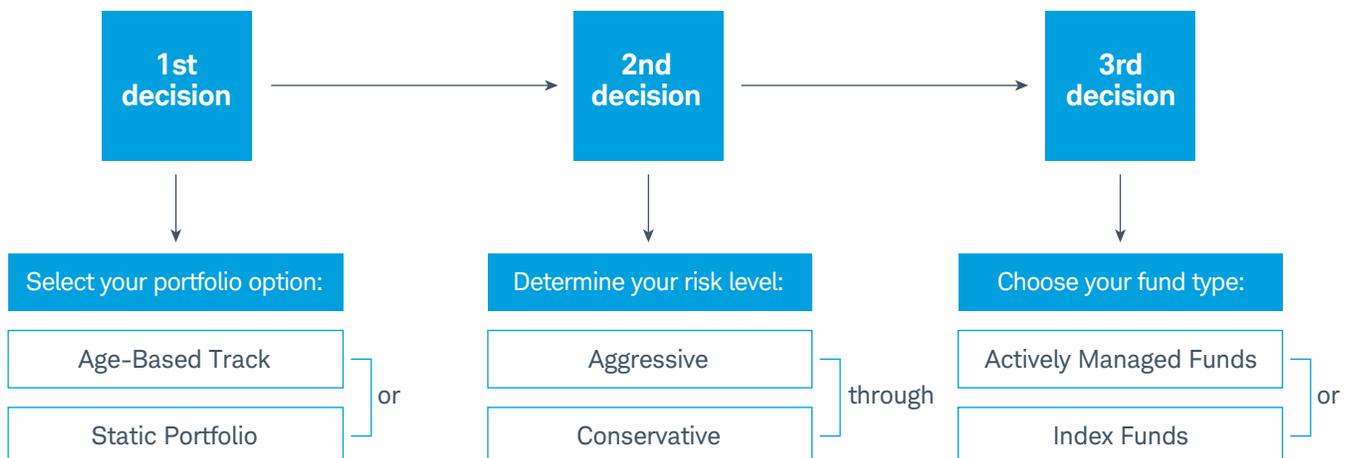
Actively Managed Funds—Broad diversification, professional selection of stocks and bonds, and an opportunity to exceed market expectations are the hallmarks of the Schwab 529 actively managed portfolios. You can expect:

- A professionally managed investment with the potential to outperform the market.
- Allocation of assets incorporating up to 13 different mutual funds and a Schwab money market fund—representing 11 distinct asset classes and seven fund companies.
- Broad diversification to help manage risk.

Index Funds—Prefer a lower-cost approach that tracks market performance? A diversified portfolio of index mutual funds offers investors a cost-effective opportunity to track the performance of major market indices. With a Schwab 529 index portfolio, you can generally expect:

- Lower management fees and expenses compared to actively managed options.
- Allocation of assets made across five index mutual funds and a Schwab money market fund—representing five asset classes and two fund companies.
- Exposure to a range of asset classes to help promote growth and manage risk.

To learn more about these portfolios, please review the Schwab 529 Education Savings Plan Guide and Participation Agreement.



Professional portfolio management

Your Schwab 529 Plan is in experienced hands.

As the Investment Manager, American Century Investments®, in conjunction with the Program Administrator, has selected specific mutual funds for each asset class in the Schwab 529 Plan portfolios in an effort to balance risk and growth and meet target investment objectives. American Century Investments will rebalance the portfolio holdings as necessary to maintain a portfolio's target asset allocation and investment strategy.



Get started.

Call 1-888-903-3863.

Visit a Schwab branch near you.

Go to schwab.com/529 to enroll online or schwab.com/college to estimate your education costs.

Before investing, carefully consider the plan's investment objectives, risks, charges, and expenses. This information and more about the plan can be found in the "Schwab 529 Education Savings Plan Guide and Participation Agreement," available from Charles Schwab & Co., Inc. at schwab.com/529 or 1-800-435-4000, and should be read carefully before investing.

If you are not a Kansas taxpayer, consider before investing whether your or the beneficiary's home state offers a 529 plan that provides its taxpayers with state tax and other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available in such state's qualified tuition program. Tax and financial aid treatment of 529 plans is subject to change. As with any investment, it is possible to lose money by investing in this plan.

Information provided is for general purposes only and is not intended to be a substitute for specific individualized tax or legal advice. Where specific advice is necessary or appropriate, please consult a qualified tax or legal advisor.

American Beacon Funds are distributed by Foreside Fund Services, LLC. American Century Funds are distributed by American Century Investment Services, Inc. Metropolitan West Funds are distributed by Foreside Distributors, Inc.

The Laudus Group® of Funds includes the Laudus Mondrian and Laudus U.S. Large Cap Growth Funds, which are part of the Laudus Trust and distributed by ALPS Distributors, Inc.; and the Laudus MarketMasters Funds®, which are part of the Schwab Capital Trust and distributed by Charles Schwab & Co., Inc. ALPS Distributors, Inc. and Charles Schwab Investment Management, Inc. are unaffiliated entities.

The Schwab 529 Education Savings Plan is available through Charles Schwab & Co., Inc. and is managed by American Century Investment Services, Inc. The Plan was created by the Kansas State Legislature under the provisions of Section 529 of the Internal Revenue Code and is administered by the Kansas State Treasurer, Jake LaTurner.

Notice: Accounts established under the Schwab 529 Plan, and their earnings, are neither insured nor guaranteed by the State of Kansas, the Kansas State Treasurer, American Century Investments® or Charles Schwab & Co., Inc. ("Schwab"). Accounts established under the Schwab 529 Plan are domiciled at American Century Investments and not Schwab.

American Century Investment Services, Inc. receives remuneration from fund companies, including JP Morgan Funds, American Beacon Advisors, and Metropolitan West Management, LLC for recordkeeping, shareholder services, and other administrative services associated with funds held in the Schwab 529 Plan portfolios.

Schwab and the Plan's Program Manager, American Century Investment Management, Inc., have designed the investment strategy and investment options to require or favor the selection of Schwab-affiliated funds, American Century funds, and certain third party mutual funds that have a business relationship with Schwab or American Century. Accordingly, there is a conflict of interest in the selection of the funds for the portfolios because Schwab, a Schwab affiliate, or American Century, respectively, earn more revenue as a result. The selection of specific mutual funds for the portfolios is subject to the oversight and approval of the Program Administrator. For more information on the financial arrangements between Schwab and the Program Manager, and between the Program Manager and the underlying funds, please see the "Fees and Expenses" section within the "Schwab 529 Education Savings Plan Guide and Participation Agreement."

¹The earnings portion of a nonqualified withdrawal is subject to federal and state income tax and a 10% penalty. State tax treatment of earnings may vary. Check with your tax advisor for rules on your state's tax treatment.

²To qualify for the special gift-tax exclusion, you need to file a gift-tax return to treat the gift as if it were made in equal payments over five years. To avoid gift tax, you should make no additional gifts to the beneficiary during those five years.

³The new federal tax law expands the qualified use of 529 savings accounts by including K-12 tuition expenses, with a limit of \$10,000 per year, per beneficiary. However, individual states may or may not adopt this expanded definition of qualified withdrawals. Clients should consult with a qualified tax advisor to discuss their individual situation.

⁴See the Schwab 529 Education Savings Plan Guide and Participation Agreement for comprehensive details on fees and expenses.

⁵The contribution limit is reached when the entire value of all Kansas 529 Plans for one beneficiary reaches \$402,000 through a combination of contributions and account appreciation. The State Treasurer may review and adjust the contribution limit as needed.

⁶Periodic investment plans and diversification strategies do not ensure a profit and do not protect against losses in declining markets.

⁷Source: Data from Sallie Mae®, "How America Saves for College: Sallie Mae's National Study of Parents with Children Under Age 18," 2014.

⁸The minor on the custodial account must be named as the account owner and beneficiary for the account, and a responsible individual will need to be named. When the minor reaches age 18 or 21 (or up to age 25), depending on the state, he or she will have full control of the Schwab 529 Plan account, and the responsible individual will no longer have authority on the account. Check with your tax advisor for more information regarding custodial account transfers.

⁹Schwab Affiliate Funds include Schwab Funds and Laudus Funds®. Schwab Funds and Laudus Funds are advised by Charles Schwab Investment Management, Inc. ("CSIM"), an affiliate of Schwab. Schwab and CSIM receive compensation from these Schwab Affiliate Funds for providing investment advisory and transfer agency services, as well as shareholder and other fund services. The amount of such compensation is disclosed in the prospectus for each fund. The aggregate fees that Schwab or CSIM receives from Schwab Affiliate Funds are generally greater than the remuneration Schwab receives from non-affiliated mutual funds.

Brokerage Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

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