

**CollegeAmerica®**  
529 college savings plan



**CAPITAL  
GROUP®**

**AMERICAN  
FUNDS®**

**Invest in a brighter future**



CollegeAmerica is a nationwide plan sponsored by **Virginia529<sup>SM</sup>**

# Saving for a lifetime of learning

The gift of education at any stage of life, whether for a loved one or for yourself, is like no other. CollegeAmerica, a tax-deferred 529 savings plan, can aid in lifelong learning – from K-12 to college and apprenticeships through retirement – to achieve a better future.

## What are the benefits?

- **Tax advantages** – Tax-advantaged treatment applies to savings used for qualified education expenses. State tax treatment varies.
- **Flexibility** – You (the account owner), rather than the beneficiary, maintain oversight of account assets and determine the timing and amount of distributions.

## Who can contribute?

- Parents
- Grandparents
- Beneficiaries
- Extended family and friends

## Examples of qualified education expenses



### Tuition and related fees

Includes:

- Trade and vocational schools
- Community colleges
- Theological seminaries
- International schools
- Study-abroad programs run through U.S.-eligible schools
- Private K-12 schools\*
- Apprenticeships\*



### Room and board†

On and off campus



### Books and supplies†

Includes:

- Textbooks
- Paper
- Pens
- Additional supplies



### Computers and supplies†

Includes:

- Computer
- Laptop
- Printer
- Educational software
- Internet services



### Student loans

Additionally, you can receive a lifetime allowance of up to \$10,000 to pay off qualified student loan debt

If withdrawals are used for purposes other than qualified education expenses, the earnings will be subject to a 10% federal tax penalty in addition to federal and, if applicable, state income tax. States take different approaches to income tax treatment of withdrawals. For example, withdrawals for K-12 expenses may not be exempt from state tax in certain states.

\*Tuition for the enrollment or attendance of a beneficiary at an elementary or secondary public, private or religious school (kindergarten through 12th grade) to a maximum of \$10,000 incurred during the taxable year. For distributions made after December 31, 2018, qualified education expenses includes expenses for fees, books, supplies and equipment required for the participation of a designated beneficiary in certain apprenticeship programs.

† Excludes expenses related to K-12.

**Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.**

CollegeAmerica

## The nation's largest 529 savings plan<sup>1</sup>



### Available nationwide

CollegeAmerica is available in all 50 states and the District of Columbia.

### Highly rated

Our 529 plan has been among Morningstar's highly rated advisor-sold 529 college savings plans since 2004, the year they began issuing ratings.<sup>2</sup>

### Low fees

CollegeAmerica's fees are among the lowest for advisor-sold 529 college saving plans.<sup>3</sup>

### Low startup amounts

You can open an account for as little as \$250 (the minimum investment per fund), but subsequent contributions can be as small as \$50.<sup>4</sup>

## Three different investment approaches

Your financial professional is the best person to help you select the CollegeAmerica investments that fit your education savings plans.

### American Funds College Target Date Series<sup>®</sup>

Funds with target dates that correspond roughly to the year a beneficiary would start taking withdrawals. The funds' investment mixes shift over time from growth- to income-oriented as the target dates approach.<sup>5</sup>

### American Funds Portfolio Series<sup>SM</sup>

Funds of funds are designed to help investors pursue real-life goals, both in the long and short term.<sup>6</sup>

### Individual American Funds

Individual American Funds for those seeking to create custom portfolios.

<sup>1</sup>Largest by assets, according to the 4Q 2020 529 College Savings Quarterly Data Update from ISS Market Intelligence. As of December 31, 2020, CollegeAmerica's AUM is \$81.9B.

<sup>2</sup>Source: Morningstar. Ratings are based on the following criteria: process, people, price and, until 2020, performance. In 2020, Morningstar's performance analysis takes place as part of a broader assessment of the people, process and parent criteria.

<sup>3</sup>Source: 529 College Savings Quarterly Fee Analysis, ISS Market Intelligence, Fourth Quarter 2020. CollegeAmerica's fees were in the top third of 31 national advisor-sold plans and the top quartile of 24 national fee-based, advisor-sold 529 plans based on the average annual asset-based fees.

<sup>4</sup>The money market fund has a \$1,000 minimum initial investment. All available funds have a \$25 minimum if you participate in a CollegeAmerica employer-sponsored program.

<sup>5</sup>Investment professionals continue to manage each portfolio for approximately 30 years after it reaches its target date. The allocation strategy does not guarantee that investors' education savings goals will be met. Investors and their financial professionals should periodically evaluate their investment to determine whether it continues to meet their needs.

<sup>6</sup>Allocations may not achieve investment objectives. The portfolios' risks are directly related to the risks of the underlying funds.



## Build savings today for a child's future

"We want to give Mia what we didn't have – the opportunity to obtain a college education without student loans. Our financial professional suggested we get an early start so we opened a CollegeAmerica account shortly after we found out we were pregnant. We've even been lucky that family and friends are willing to chip in and contribute to the balance."

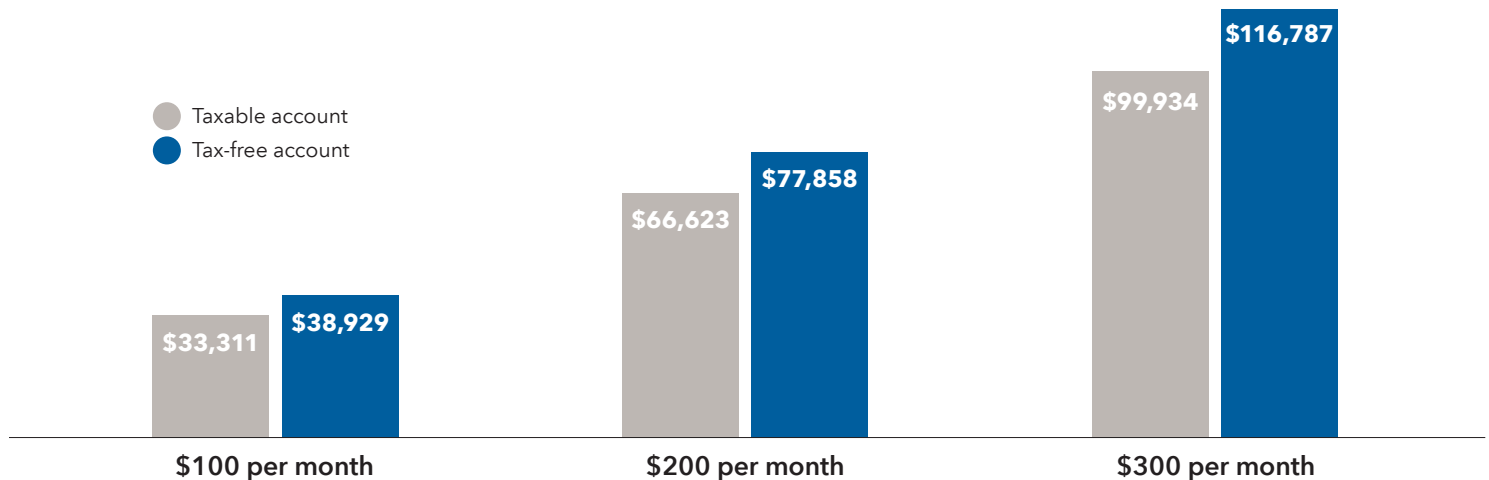


## Start now. Tax savings add up over time.

Earnings in a CollegeAmerica account, unlike those in a taxable account, are free from federal and, in many cases, state taxes provided they're used to pay a broad range of qualified educational expenses.

The hypothetical example below illustrates how significant the tax benefits can be.

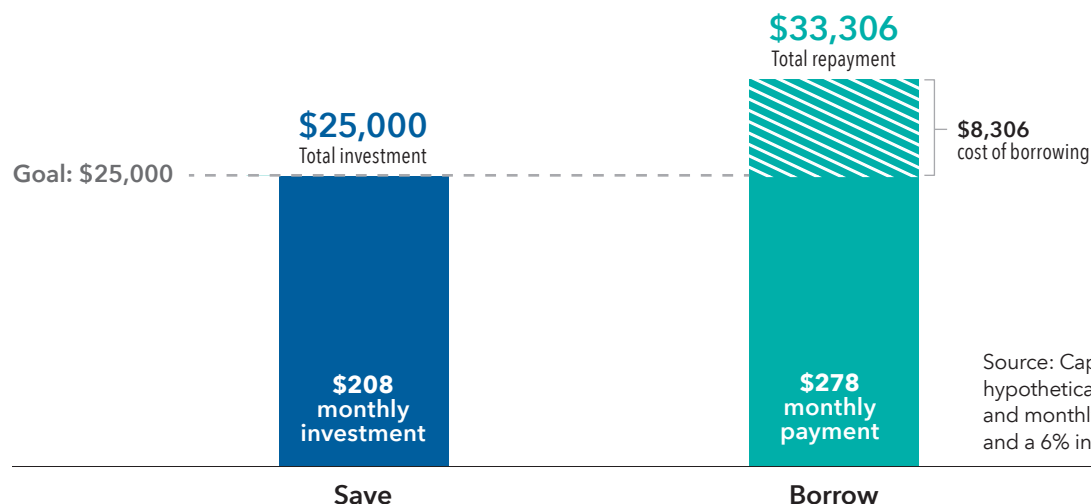
### Account values after 18 years of saving



Assumes a 6% average annual rate of return (compounded monthly) for both investments and a 25% income tax rate. (The typical mutual fund investor falls into the 25% tax bracket.) Example assumes taxes were paid annually out of the account. Your tax rate may vary. Current minimum tax rates on capital gains and dividends could make taxable investment returns higher, thus reducing the difference between the two ending values. Results shown are hypothetical and are not intended to represent an investment in a specific fund. Your investment experience will differ. Regular investing does not ensure a profit or protect against loss. You should consider your willingness to keep investing when share prices are declining.

## CollegeAmerica can help put someone through college without a mountain of debt.

Many families depend on financial aid to supplement their college savings. Let's compare two ways to pay for college that could save you money in the long run:



Source: Capital Group. Investment results are hypothetical. The amount of monthly investments and monthly payments assume a 10-year time frame and a 6% interest rate.



# Saving for an education makes sense wherever you are in life.

529 plans can be used by anyone looking to go back to school to obtain a degree or seeking to take classes to learn a new skill or talent – just as long as the expenses are related to attendance at an eligible institution. You can also use a 529 plan to cover certain apprenticeship program expenses.

## Sally

“As long as I can remember, I’ve always wanted to be a nurse. But I put off my dream to raise my son. When CollegeAmerica plans were first introduced, I opened an account with the money I had already saved for Liam’s education. Once Liam was out on his own, I used what was left to become a nurse and am now saving for my new dream: to become a doctor.”



## Mike

“Five years before retiring, I decided my next adventure would be to own an Italian trattoria. I found a local community college that offered a year-long Italian cuisine course in Florence, Italy. On that day, I opened a CollegeAmerica account. Now, I can pay my tuition without having to tap into my retirement savings.”



### The advantages of CollegeAmerica

	CollegeAmerica account	Coverdell education savings account	UGMA/UTMA account	Roth IRA	Taxable investment account
People of all income levels can contribute.					
Withdrawals for qualified expenses are free from federal taxes.					
State tax deductions/credits for residents of some states. Tax deductions may be disallowed in the event of non-qualified withdrawals.					
Account owner always controls the account.					
Beneficiary changes permitted.					N/A

## Putting 529s to work for your estate

529 plans have estate planning benefits, as your contributions are free of gift taxes and can help pare down your estate and reduce potential estate taxes.

### Sam & Ruth

"Emily, our financial professional, knows we'd do anything for our seven grandchildren. When we met to set up an estate, she recommended we take advantage of a special gift-tax contribution by opening a CollegeAmerica account for each grandchild to help pay for their education while hopefully reducing future estate taxes."



### How it works

Using a special gift-tax contribution that allows Sam and Ruth to make up to five years of contributions in one gift, they transfer \$150,000 into each grandchild's 529 account, incurring no gift taxes.



You can make sizable lump-sum investments or transfer significant assets out of an estate, including up to \$15,000 a year (\$30,000 for married couples) per beneficiary without gift tax consequences. Under a special election, you can also invest up to \$75,000 (\$150,000 for married couples) at one time by accelerating five years' worth of investments.\*

For gift-tax purposes, the assets are considered completed gifts, but the grandparents – provided they own the accounts – control the assets and the withdrawals.

\*No additional gifts can be made to that beneficiary over the next four years after the year in which the one-time gift is made. If the donor of an accelerated gift dies within the five-year period, a portion of the transferred amount will be included in the donor's estate for tax purposes. Consult with a tax advisor regarding your specific situation.

# The Capital Advantage<sup>®</sup>

Since 1931, Capital Group, home of American Funds, has helped investors pursue long-term investment success. Our consistent approach – in combination with The Capital System<sup>SM</sup> – has resulted in superior outcomes.

## Aligned with investor success

We base our decisions on a long-term perspective, which we believe aligns our goals with the interests of our clients. Our portfolio managers average 27 years of investment industry experience, including 21 years at our company, reflecting a career commitment to our long-term approach.<sup>1</sup>

## The Capital System

The Capital System combines individual accountability with teamwork. Funds using The Capital System are divided into portions that are managed independently by investment professionals with diverse backgrounds, ages and investment approaches. An extensive global research effort is the backbone of our system.

## American Funds' superior outcomes

Equity funds have beaten their Lipper peer indexes in 88% of 10-year periods and 96% of 20-year periods.<sup>2</sup> Fixed income funds have helped investors achieve diversification through attention to correlation between bonds and equities.<sup>3</sup> Fund management fees have been among the lowest in the industry.<sup>4</sup>

<sup>1</sup> Investment industry experience as of December 31, 2020.

<sup>2</sup> Based on Class A share results at net asset value for rolling periods through December 31, 2020. Periods covered are the shorter of the fund's lifetime or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary. Visit [capitalgroup.com](http://capitalgroup.com) for more information on specific expense adjustments and the actual dates of first sale.

<sup>3</sup> Based on Class A share results at net asset value as of December 31, 2020. Thirteen of the 17 fixed income American Funds that have been in existence for the three-year period showed a three-year correlation below 0.3. Standard & Poor's 500 Index was used as an equity market proxy. Correlation based on monthly total returns. Correlation is a statistical measure of how two securities move in relation to each other. A correlation ranges from -1 to 1. A positive correlation close to 1 implies that as one security moves, either up or down, the other security will move in "lockstep," in the same direction. A negative correlation close to -1 indicates that the securities have moved in the opposite direction.

<sup>4</sup> On average, our management fees were in the lowest quintile 66% of the time, based on the 20-year period ended December 31, 2020, versus comparable Lipper categories, excluding funds of funds.

The American Funds College Target Date Series allocation strategy does not guarantee that investors' education savings goals will be met. Investors and their financial professionals should periodically evaluate an investment to determine whether it continues to meet their needs. The target date is the year that corresponds roughly to the year in which the beneficiary is expected to begin taking withdrawals. Investment professionals gradually adjust the portfolio over time so that it becomes more income-oriented. Investment professionals continue to manage each portfolio for approximately 30 years after it reaches its target date.

American Funds Portfolio Series allocations may not achieve investment objectives. The portfolios' risks are directly related to the risks of the underlying funds.

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**Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses, summary prospectuses and CollegeAmerica Program Description, which can be obtained from a financial professional and should be read carefully before investing. CollegeAmerica is distributed by American Funds Distributors, Inc. and sold through unaffiliated intermediaries.**

**Depending on your state of residence, there may be an in-state plan that provides state tax and other state benefits, such as financial aid, scholarship funds and protection from creditors, not available through CollegeAmerica. Before investing in any state's 529 plan, investors should consult a tax advisor.**

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