



invest529[®]

College Saving Facts and Tips

FPA of Central Virginia

June 9, 2023

Mary G. Morris

Agenda

I. The Case for Saving and Investing

II. 529 Basics

III. Invest529[®] - Focus on Tuition Track Portfolio

IV. Student loan debt

V. Client Conversations

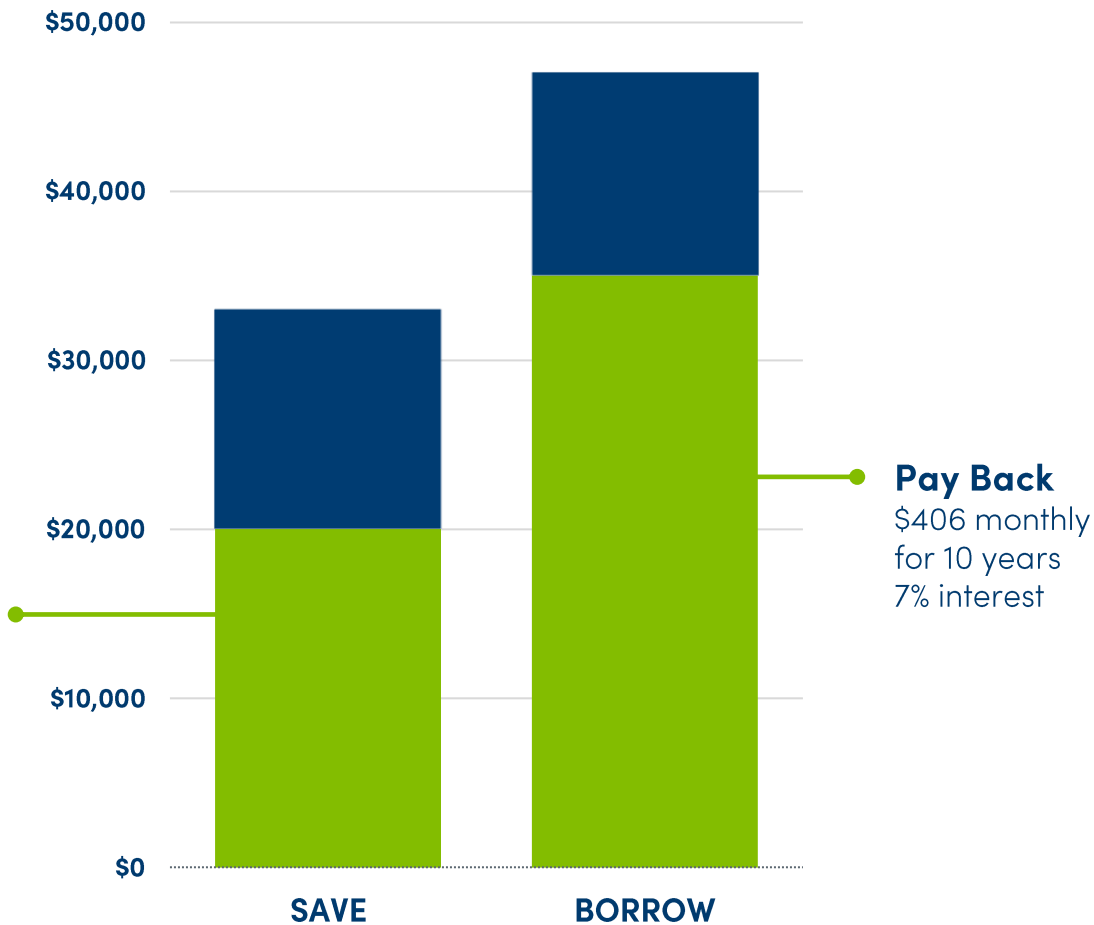
Why save?

CASE STUDY

Paying a \$35,000 tuition bill¹



Contribute
\$100 monthly
for 18 years
5% return



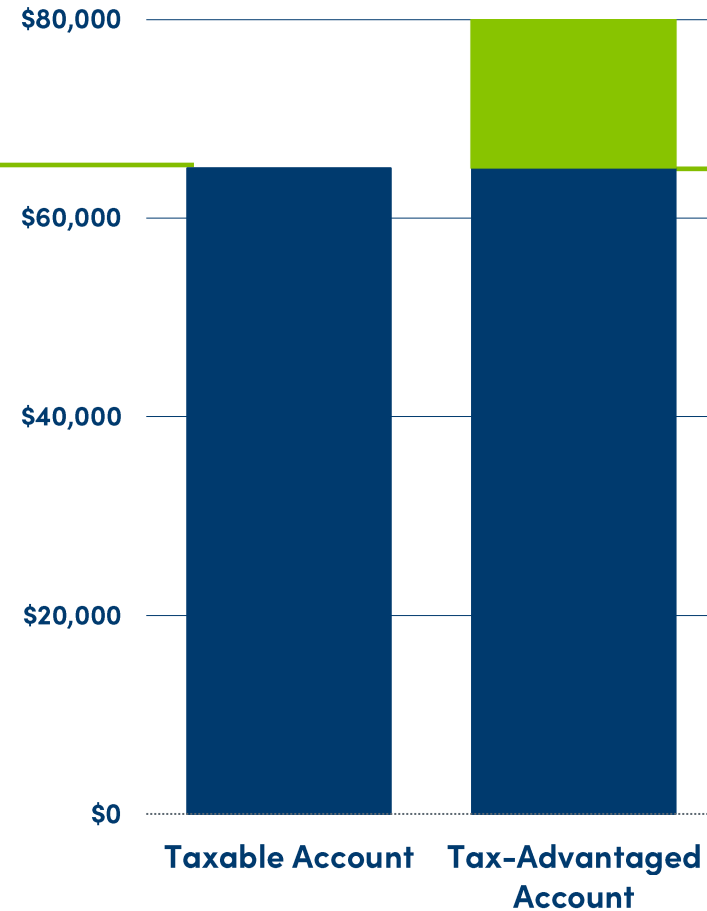
¹The saving illustration assumes a monthly investment of \$100 for 18 years and assumes an annual rate of return of 5% compounded monthly. The borrowing illustration assumes an interest rate of 7% and a payback period of 10 years. This chart is for illustrative purposes only and is not intended to reflect actual performance of any specific investment and does not reflect the impact of fees or expenses. The value of an account will vary depending on market conditions and the performance of the investment option selected and may be more or less than the amount deposited. Each investor should consider his or her current and anticipated time horizon and other factors when making investment decisions, as the illustration may not reflect these factors. Past performance of investments is not an indicator of future returns.

Tax-Free Savings



*The benefits of
tax-free earning**

Saving \$200
per month
for 18 years:
\$65,211



Added
savings with
tax-free
earnings:
\$14,325

*This chart is for illustrative purposes only and is not intended to reflect actual performance of any specific investment. Assumes interest rate of 6.25 percent compounded monthly, federal tax rate of 25 percent and a Virginia tax rate of 5.75 percent. The value of your Virginia529 account will vary depending on market conditions and the performance of the investment option you select, and it may be more or less than the amount you deposited. You could lose money – including principal you invest – or not make money if you invest in one of these programs. Past performance of investments is not an indicator of future returns.

Invest529 at a glance



First account opened in 1996



**Grown to be a top choice
in the nation – largest 529 plan
overall**



Various portfolio options



Low fees



Low opening contributions



Highly ranked

May be used at any eligible educational institution worldwide

- ✓ College
- ✓ University
- ✓ Technical/Vocational school
- ✓ Training program
- ✓ Registered apprenticeship fees and supplies
- ✓ Public, private or religious K-12 tuition*

*Up to \$10,000 per year per beneficiary of public, private or religious K-12 TUITION only



May be used for qualified higher education expenses

✓ Tuition

✓ Fees

✓ Room and board

✓ Required
supplies &
equipment

✓ Textbooks

✓ Computers &
equipment

✓ Special needs
services

✓ Student Loans*

*Up to \$10,000 TOTAL per beneficiary and \$10,000 TOTAL per beneficiary sibling

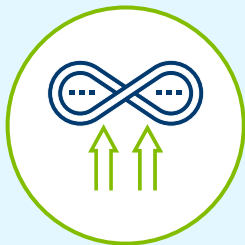


Tax-advantaged

Virginia taxpayers can deduct up to \$4,000 per account per year



Only for account owner



Unlimited carryforward



Age 70 and above may deduct entire amount

Tax-free earnings



Earnings grow tax-free at the Virginia state level and federal level

When used for higher education expenses at eligible educational institutions, withdrawals not taxed



Post-tax contributions

Invest529 Portfolio Types

Target Enrollment Portfolios

Index Portfolios

Principal Protected Portfolios

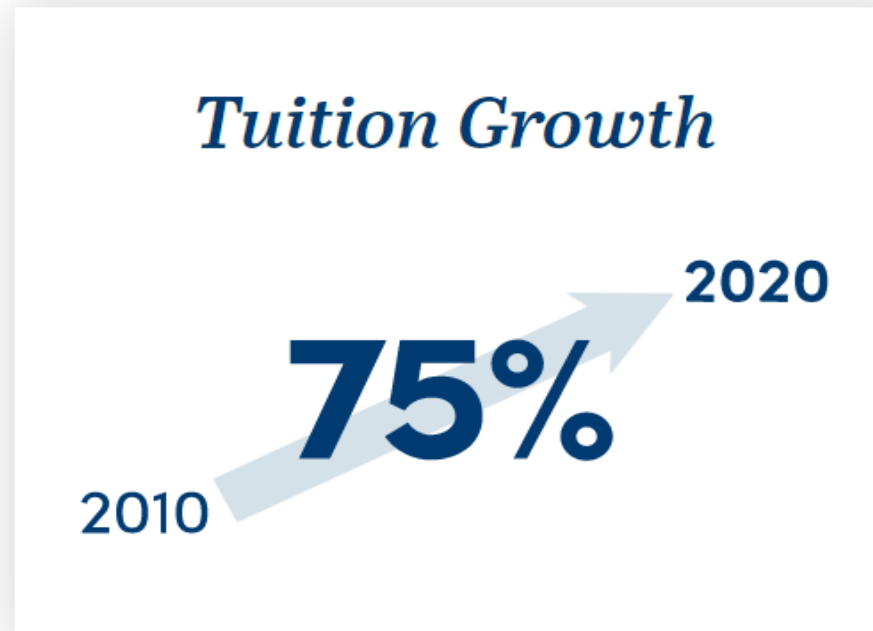
Tuition Track
FDIC-Insured
Stable Value

Specialty Portfolios

Target Risk Portfolios

Tuition Track Portfolio Investment Strategy

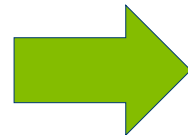
Keeps pace with tuition growth
At Virginia's public universities



Contributing to Tuition Track Portfolio



\$145
1 Unit



\$14,500/\$145
100 Units
Year of Average
Tuition

Unit value



100 Units
\$14,500

Hypothetical Payout



Year
of Average Tuition

100 Units
\$20,000



50 Units
\$7,250

Hypothetical Payout



.5 Year
of Average Tuition

50 Units
\$10,000

Determining unit cost

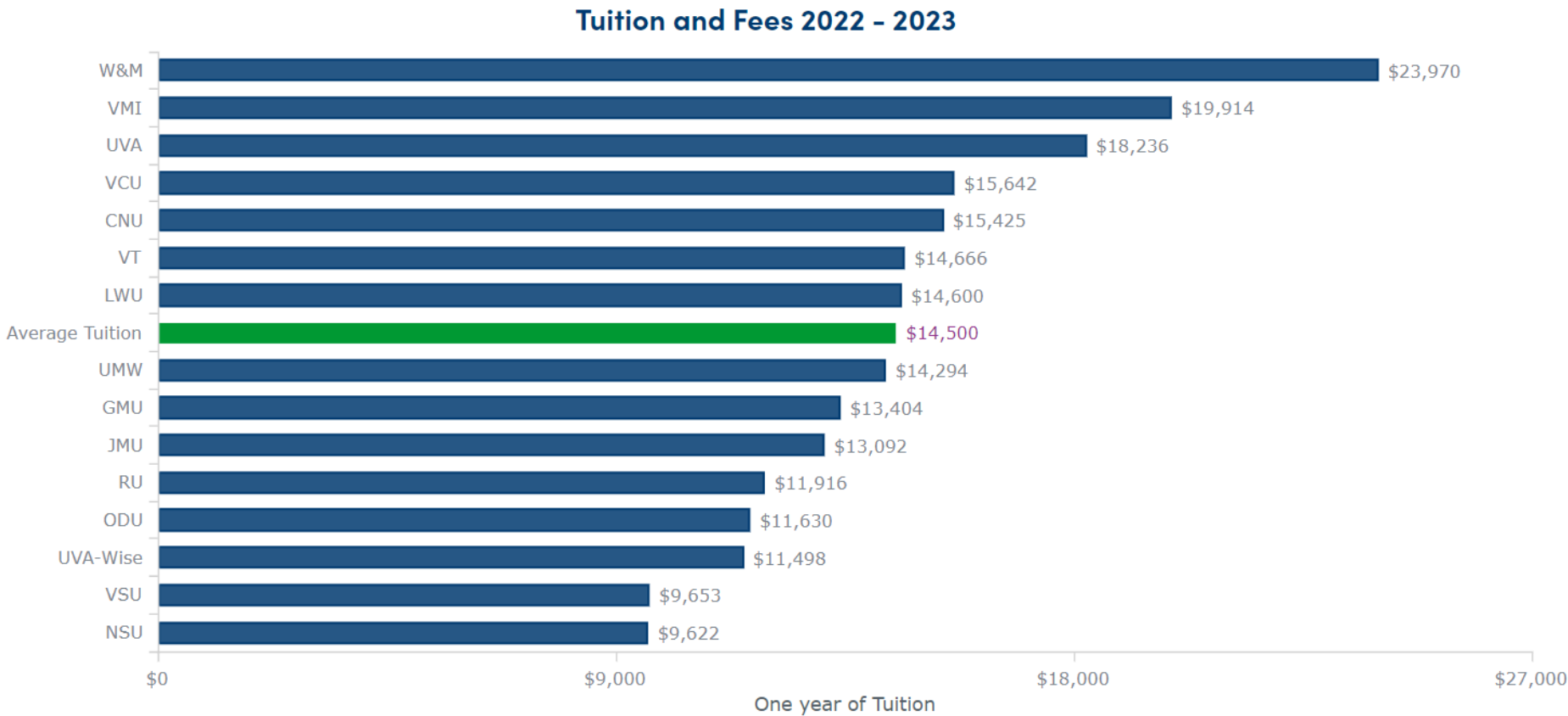
Average Tuition
MONSTER



Average Tuition*
Weighted Average Tuition (WAT)
MONSTER



Unit cost example



Actual Average Tuition

\$14,504.13 per year

Average Tuition*

\$14,500 per year

Average Tuition* Per Unit

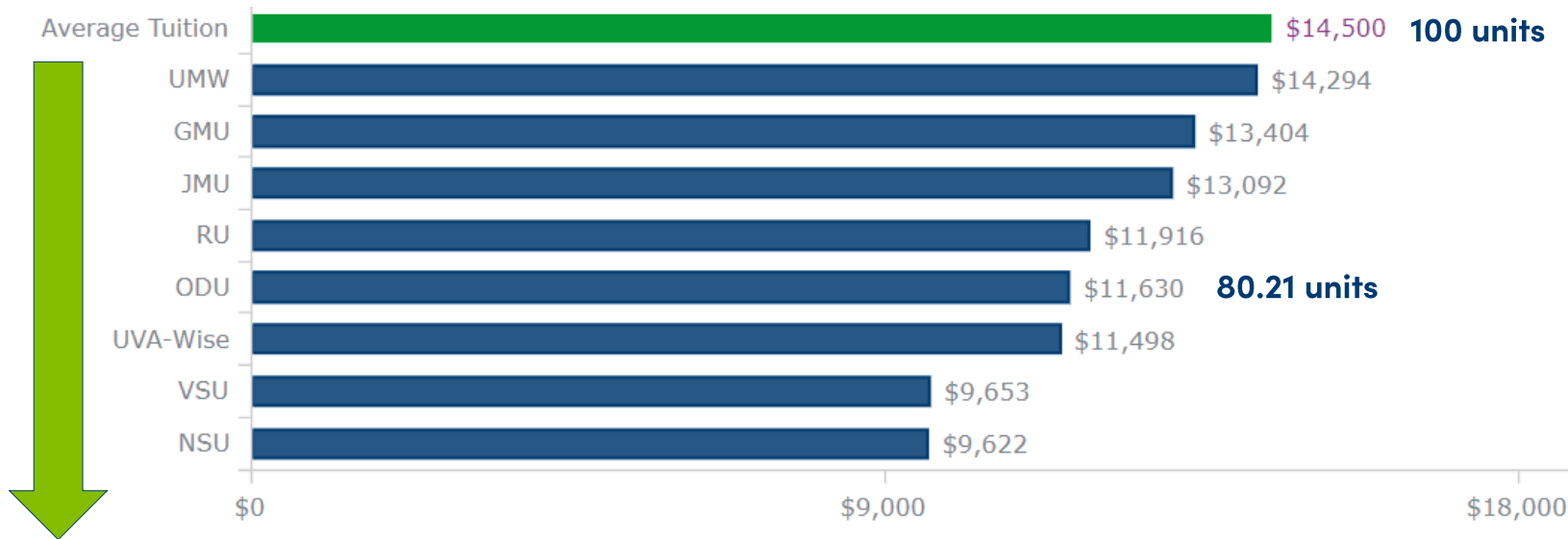
$\$14,500 / 100 = \145

Determining unit cost

Hypothetical Numbers

Academic Year	Average Tuition*	Unit cost/value	Effective Date
20-21	\$14,000	\$140	July 15, 2020 – July 14, 2021
21-22	\$15,000	\$150	July 15, 2021 – July 14, 2022
22-23	\$16,000	\$160	July 15, 2022 – July 14, 2023
23-24	\$17,000	\$170	July 15, 2023 – July 14, 2024
24-25	\$18,000	\$180	July 15, 2024 – July 14, 2025
25-26	\$19,000	\$190	July 15, 2025 – July 14, 2026
26-27	\$20,000	\$200	July 15, 2026 – July 14, 2027
27-28	\$21,000	\$210	July 15, 2027 – July 14, 2028
28-29	\$22,000	\$220	July 15, 2028 – July 14, 2029

Cost tied to Average Tuition – Use for Any QHEE



Example

Average Tuition*: \$14,500 (100 units)

ODU Tuition: -\$11,630 (80.21 units)

\$2,870 (19.79 units)

\$2,870 available for other
qualified higher education
expenses

Calculation for More Expensive Schools



Example



Average Tuition*: \$14,500 (100 units)
VCU Tuition: -\$15,642 (107.88 units)

-\$1,142 (7.88 units)

\$1,142 remains to pay toward tuition, or purchase an additional 7.88 units to cover VCU tuition

Tuition Track Calculator



Welcome to the Tuition Track Planning Calculator

Use this tool to compare tuition unit amounts at public and private colleges in Virginia and throughout the United States, or to calculate how many units to purchase based on your budget.

Get Started

< Back×

Which track would you like to take?

This calculator offers three different ways to plan, depending on what information you know now.

1. I know my budget. Estimate how many units I can buy.

2. I know how much tuition I want to cover with Tuition Track Portfolio units. Estimate how many units I need to buy over time to meet my goal.

3. I know the number of Tuition Track Portfolio units I wish to buy right now. Estimate how many years (or fractional years) of Tuition (and other qualified higher education expenses) the units will cover.

Next

Contributing to Tuition Track Portfolio



At the time of opening a Tuition Track Portfolio, either the Account Owner or the Beneficiary must be a Virginia resident.



A Beneficiary may have a maximum of 1,000 units at any time.



Units can be purchased up until June 30 of the beneficiary's senior year of high school. After that, any additional savings will have to be invested in another Invest529 portfolio.



The cost to purchase a Tuition Track unit changes annually on or about July 1st.

Using Tuition Track Portfolio Benefits



Units are eligible for use when the beneficiary turns 18 or begins taking eligible post-secondary courses, whichever comes first. *



Units are eligible for use once they have been held for three or more years and the Student (Beneficiary) reaches the Expected Usage Date or begins taking eligible post-secondary courses.*

Differences from Prepaid529

Tuition Track Portfolio  **prepaid529SM**

- Open year round – no limited enrollment
- No ninth-grade age limit
- Lower minimum purchase (\$10)
- No contract or monthly obligation
- Units instead of years/semesters
- Applied towards ANY qualified higher education expense
- Cost/payout based on Average Tuition - no matter where applied *
- Invest529 portfolio option

Using Tuition Track Portfolio Benefits—the Game Changer from Prepaid529



Virginia Colleges



International Schools



Non-Virginia Colleges



Private K-12**

Tuition

Fees

Room and board

Required supplies & equipment

Textbooks

Computers & equipment

Special needs services

Registered Apprenticeship Programs

Student Loans***

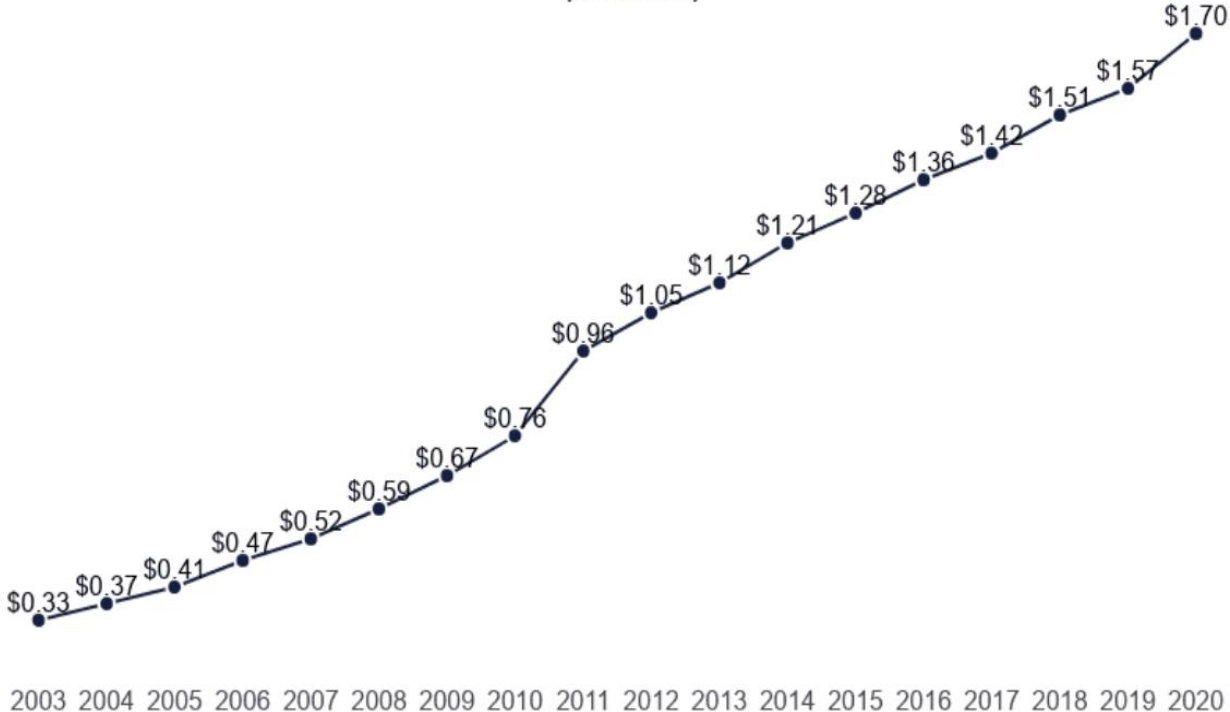


Rising Student Loan Debt

Average Annual Cost =
\$35,270

- | | |
|---|--|
| ✓ \$25,615 in-state public | ✓ \$53,949 private 4-year |
| ✓ 65% of students graduate with debt | ✓ \$30,030 average amount borrowed for bachelor's degree |
| ✓ Only 46% of students graduate in four years | ✓ Tuition rates growing 6.8% annually |

Historic Total* National Student Loan Debt Balance
(in trillions)



*Totals prior to 2011 do not include private loans

Projected to reach \$2 trillion by 2024
and \$3 trillion by 2038

Advanced Degrees



Graduate students borrow 37% of federal student loans, yet account for only 15% of enrollment

Debt by Degree

Average Student Loan Debt Among Graduate Degree Holders

Degree	Total Student Loan Debt	Graduate Debt Only
Postbaccalaureate Certificate	\$73,277	\$59,558
Master's	\$71,318	\$55,376
Master of Arts	\$78,693	\$58,273
Master of Business Administration	\$71,665	\$55,223
Master of Education	\$59,660	\$45,982
Master of Science	\$67,391	\$52,805
Doctorate, research	\$117,198	\$111,751
Doctorate, professional	\$201,736	\$189,037
Doctor of Education	\$121,003	\$112,016
Medical Degree	\$265,996	\$245,616
Law Degree	\$157,315	\$142,372

What's happened so far?

- **COVID-19 Student Loan Relief – Payment deferment and 0% interest on federal loans – continuing through present**
- **More than \$35 billion cancelled since 1/2021:**
 - PSLF
 - Disability Discharge
 - Borrower Defense to Repayment Program
 - Stimulus bill proceeds – VSU and VUU in the Richmond area
- **August 2022: Biden Proposal –**
 - Up to \$10,000 federal student loan forgiveness (\$125,000/yr income; \$250,000/yr HHI);
 - Up to \$20,000 for Pell Grant recipients
 - Pending Supreme Court decision
- **Student debt forgiveness is not taxable at least through 2025**
- **Months in deferment count toward PSLF Program**

Client Conversations

- **Career path/workforce needs**
- **Degree, program and school selection**
- **Financial education**
- **Resources**
 - **State Council of Higher Education For Virginia (SCHEV.edu)**
 - **Education Wizard (vawizard.org)**
 - **Virginia529 (Virginia529.com)**





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The Virginia College Savings Plan is unable to provide specific tax, legal or financial advice.

Investors are encouraged to call 1-888-567-0540 or visit Virginia529.com to obtain Program Descriptions and read all enrollment materials before investing. An investor should carefully consider investment objectives, risks, charges and expenses of the programs before investing. For non-Virginia residents: before investing, consider whether you

or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds and protections from creditors that are only available for investments in that state's qualified tuition program.

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