FRANKLIN TEMPLETON

Expanded uses – it's not just for college anymore

529 plans: beyond the basics

2024

Elfenbein Wealth Management Group
David Elfenbein, CPWA
David@elfenbeinwm.com
256-346-6616

Agenda

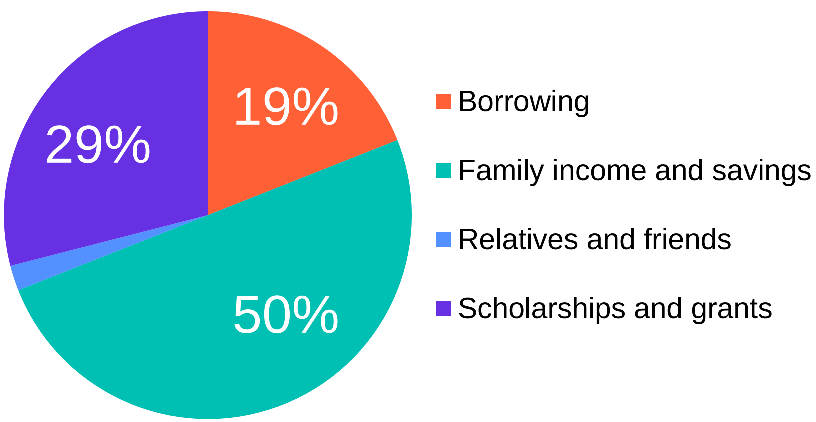
1. Current Education Landscape
2. A Little Bit of History
3. Saving for Education
4. Tax Treatment of 529s
5. 529 Myths and Facts
6. The Franklin Templeton 529 College Savings Plan
7. Special Benefits for NJ Residents

Current Education Landscape

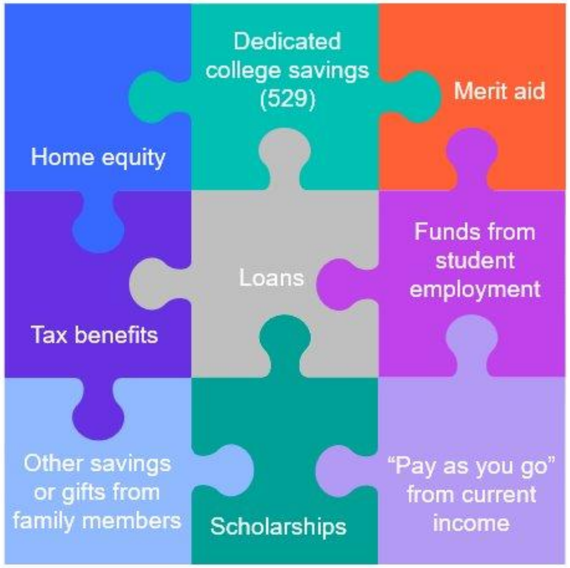
How the typical family pays for college

- Families reported spending an average of $28,026 on college in Academic Year 2022–23, an 11% increase from Academic Year 2021–22. Parents' income and savings funded the largest portion of college costs (40%)
- 78% of families say they eliminated a school from consideration based on cost
- Thirty-eight percent of undergraduate families say the student will continue their education beyond earning an undergraduate degree.

% of families using 529



Ways to pay for college

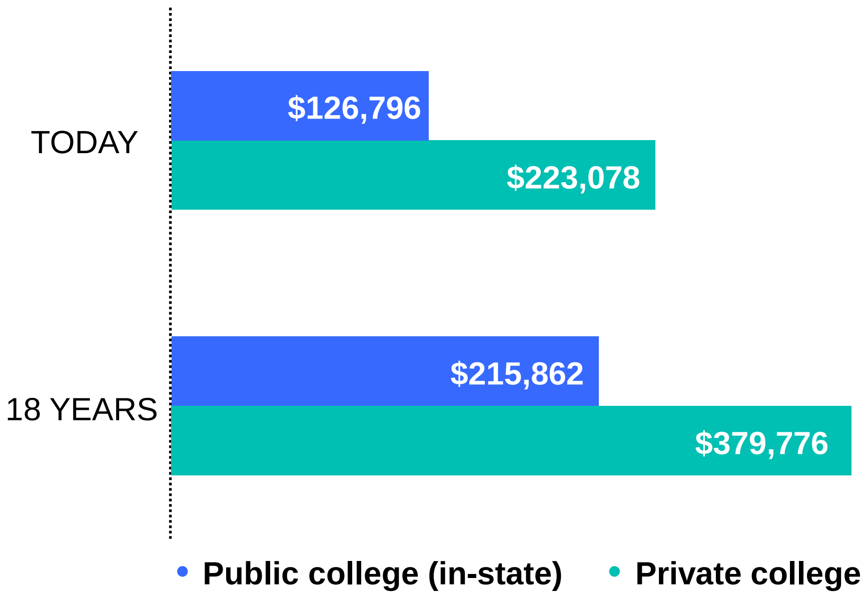


For informational purposes only. Source: How America Saves for College, 2023.

Understanding the cost of college

FRANKLIN TEMPLETON

Four years of tuition and fees (including room and board and necessary supplies)



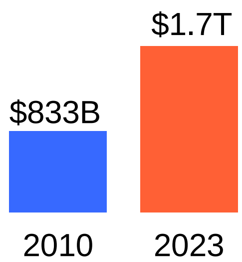
Student borrowers pay an average of **$1,898** in interest each year, and the average student borrower spends **20 years** paying off their loans.

This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton fund.
Sources: educationdata.org, Franklin Templeton College Planning calculator.

Current college planning trends

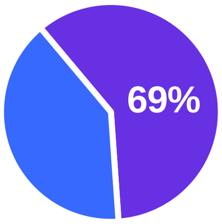
FRANKLIN TEMPLETON

Student debt has exploded



Growth in student debt over last decade

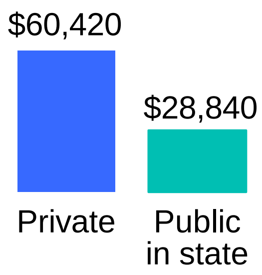
Federal financial aid has decreased and is predominantly loans



Of total federal financial aid, loans comprise 69%

Federal financial aid (total) has decreased by 25% over last 10 years

Cost of college can exceed $60k annually



Average private 4-year college = $60,420, public in state = $28,840

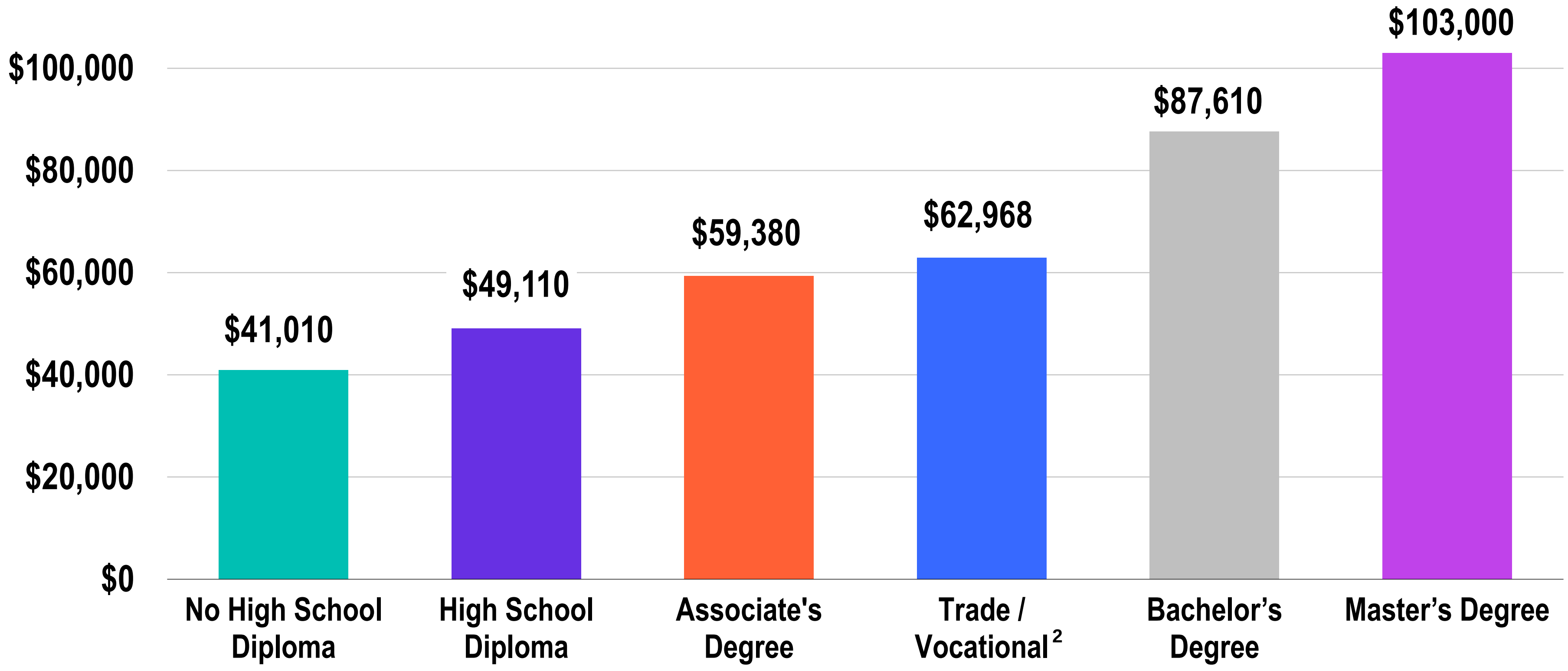
College education pays off for most

College grads earn more — on average $29k more per year than high school graduates

Sources: finaid.org; College board, Trends in student aid, November 2023; College Board, Trends in College Pricing, November 2023, includes tuition, room & board, and fees; (College Board, Education Pays, February 2023).

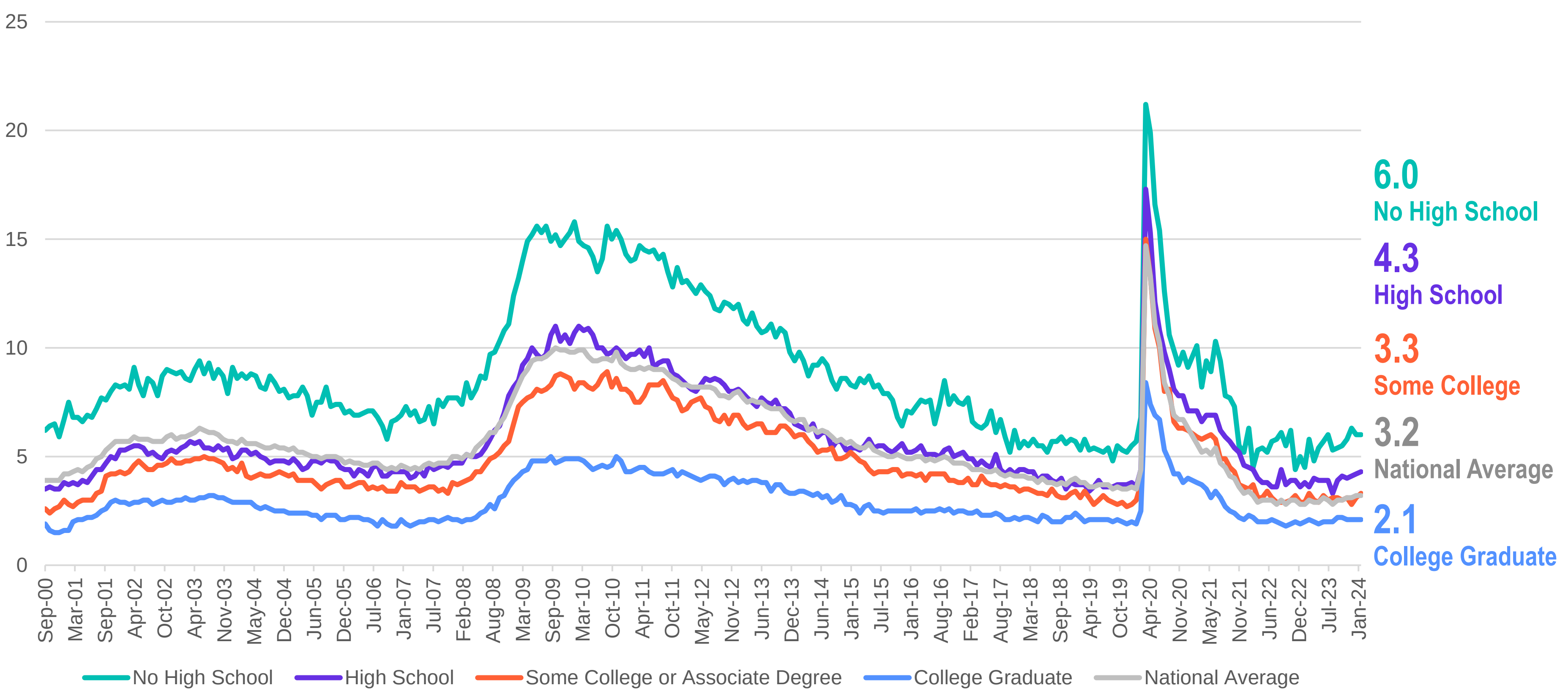
Average earnings in 2022

Based on level of education[1]



1. Source: U.S. Census Bureau, *Current Population Survey*, 2023 Annual Social and Economic Supplement.
2. Bureau of Labor Statistics, May 2021 National Occupational Employment and Wage Estimates United States; Average of selected trade and vocational occupations (Plumbers, Roofers, Solar Installers, Electricians, Masons, Construction Equipment Operators, Painters, Iron Workers, Construction and Building Inspectors, Telecom Equipment Installers, Automotive Technicians, Power-Line Installers, Machinists, Flight Attendants, Truck Drivers, Locomotive Engineers and Operators, Computer Support Specialists, Database and Network Administrators, Software Developers, Art and Design Workers, Firefighters, Correctional Officers, Police Officers, Dental Hygienists, Dental Assistants.)

Unemployment rates by education



Unemployment figures are seasonally-adjusted and include individuals age 25 years and over, for the period 09/30/00–01/31/24.
Source: U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey. https://www.bls.gov/charts/employment-situation/unemployment-rates-for-persons-25-years-and-older-by-educational-attainment.htm

A Little Bit of History

Federal legislation and additional benefits

1996–2000

Creation of Section 529 of the Internal Revenue Code (IRC).
30 states developed and launched a Section 529 plan.

2001

June 7, 2001 Economic Growth and Tax Relief Reconciliation Act provided full exemption federal taxation on earnings from a 529 plan

2017

The 2017 Tax Cuts and Job Act

- 529 Plans allowed to be used for K-12 tuition – $10,000/year per beneficiary
- Allowed transfer of 529 plan funds to ABLE 529 accounts

2019

The 2019 Secure Act

- Payments for apprenticeship programs are included as a qualified education expense
- 529 funds can be used to pay off principal or interest of certain existing loans of the beneficiary or their sibling, subject to various limits including annual limits

2022-2024

The Secure 2.0 Act of 2022

- 529 plans were given an additional tax benefit, which allows qualified savers to transfer unused 529 funds into a beneficiary's Roth IRA (maximum $35,000 lifetime)[1]
- Continuing bipartisan support and focus on efforts to help families save for higher education

1. SECURE Act 2.0. Transfers are subject to Roth IRA contribution limits, and the account must have been open for more than 15 years. This provision is effective for distributions after December 31, 2023. Other conditions apply. For more information please visit: www.finance.senate.gov.

Saving for Education

A Vehicle to Help You Save

FRANKLIN TEMPLETON

529 College Savings Plans

What is a 529 savings plan?

A state-sponsored tuition program designed to provide tax incentives to encourage families to save for the high cost of education – especially college.

"Our daughter is only in preschool now but with the rising cost of a college education, it's important for our family to invest in her future now."

Why use 529 College Savings programs?

529 savings plans are tax-advantaged accounts specifically designed to encourage saving for education expenses, while offering high contribution limits, flexibility and account owner control.

Tax advantages

- Withdrawals are federally and state tax free, when used for qualified expenses[1]
- Gift and estate tax opportunities[2]

Flexibility

- No income limits
- No age or time restrictions
- Ownership/beneficiary changes
- Anyone can contribute

Options

- Covers a wide range of college expenses
- K-12
- Apprenticeship programs
- Student loan payments
- Transfer to Roth IRA

1. Tax benefits are conditioned on meeting certain requirements. State laws vary. Federal income tax, a 10% federal tax penalty, and state income tax and penalties may apply to nonqualified withdrawals of earnings. Consult a financial or tax professional before investing. Please refer to irs.gov for more complete information.
2. Consider consulting a tax professional to fully understand any potential tax consequences before taking action.

Don’t Delay the Inevitable

FRANKLIN TEMPLETON

Mary	$612/month for 8 years
Michael	$1,954/month for 3 years
John	$250/month for 15 years

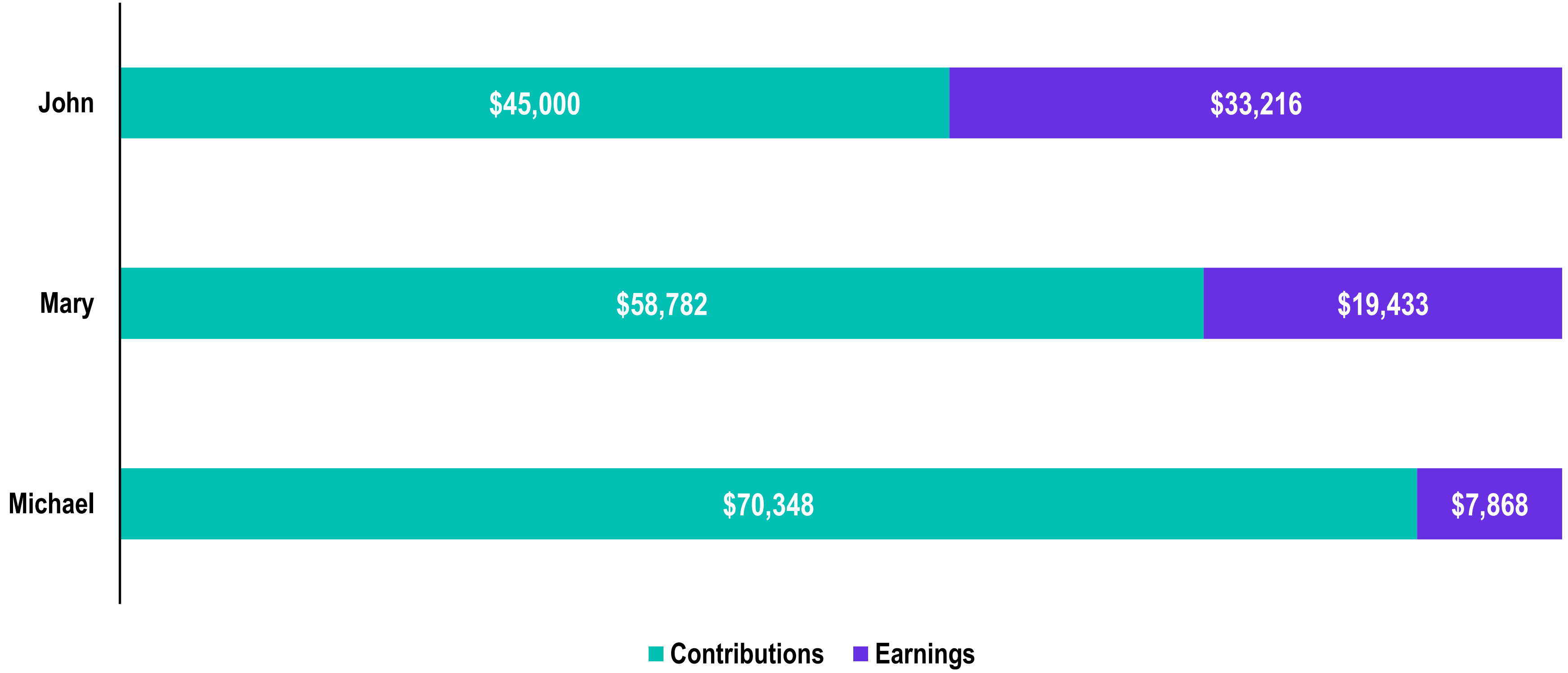
What do you think Mary and Michael will have to contribute on a monthly basis to accumulate the same amount as John?

This is a hypothetical illustration to represent the effects of compounding assets monthly assuming an annual rate of return of 7%. It does not reflect an actual investment or any taxes payable upon withdrawal. A periodic investment does not assure a profit or protect against a loss in declining markets. Returns are not guaranteed and may be less than or greater than the amounts illustrated.

The Cost of Procrastination

Would You Rather Invest $45,000 or $70,000?

Assumes an Annual Rate of Return of 7%



This is a hypothetical illustration to represent the effects of compounding assets monthly assuming an annual rate of return of 7%. It does not reflect an actual investment or investment expenses or any taxes payable upon withdrawal. A periodic investment does not assure a profit or protect against a loss in declining markets. Returns are not guaranteed and may be less than or greater than the amounts illustrated.

Two ways to pay for college

Investing today vs. paying tomorrow

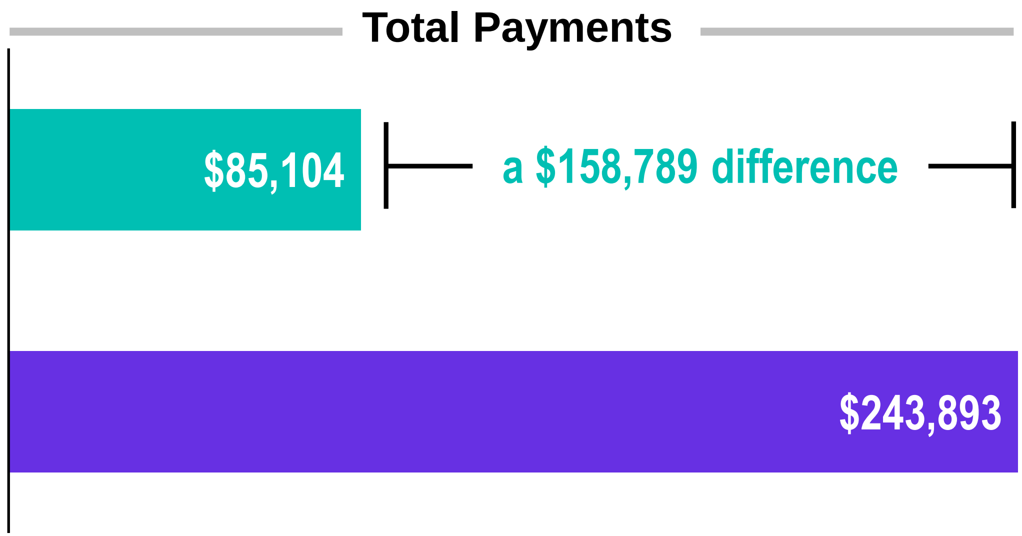
The Projected Cost of a Newborn's Public College Education = $166,589[1]
(beginning school year 2042-2043)

Investing Today

Invest **$394** monthly for 18 years which grows to $166,589 at 7%.

Paying Tomorrow

Pay **$1,355** monthly on a $166,589 loan for 15 years at 5.50%.[2]



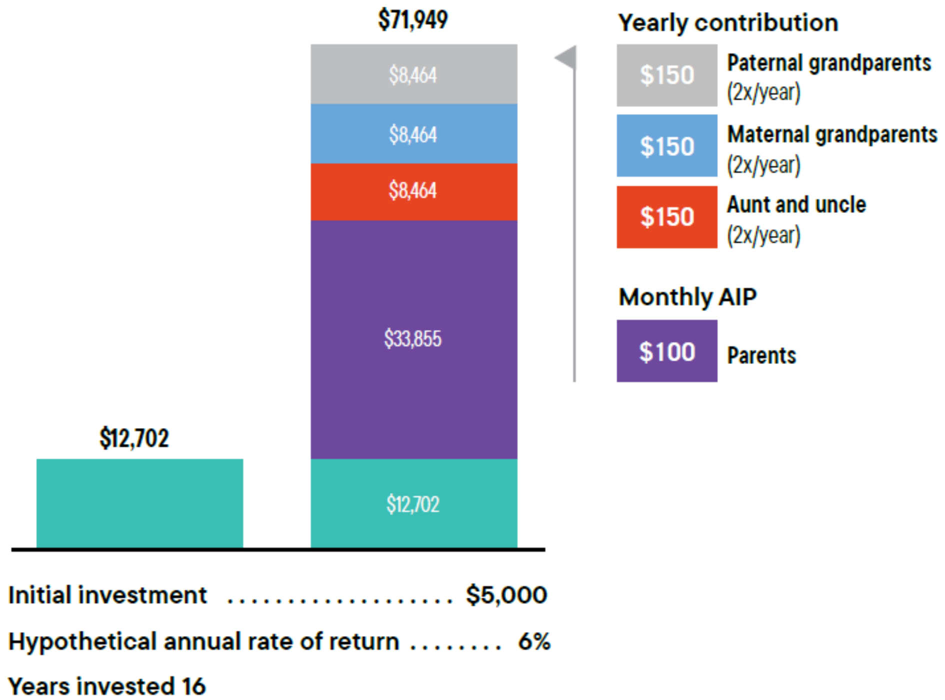
1. Source: The College Board, *Trends in College Pricing,* 2023. Projected cost based upon child's entrance to college for four years at a public college. Figure is based upon the 2.72% 10-year average annual increase in public college costs, as reported by The College Board for the 2023-24 school year. Cost includes tuition, fees and room and board.
2. The borrowing example assumes a fixed interest rate of 5.50% based on a subsidized Stafford loan issued between 7/1/2023-7/1/2024. Examples are for illustrative purposes only, are not representative of any particular investment, and do not take taxes into account. Investments do not guarantee any specific rate of return, and you may have a gain or a loss on the amounts invested. Periodic investing plans do not assure a profit and do not protect against loss in a declining market.

College savings–it takes a village

FRANKLIN TEMPLETON

Example:
Parents set up a 529 plan for their three-year-old son with an initial contribution of $5,000. Assuming a 6% hypothetical annual rate of return, after 16 years they could expect to see the account grow to $12,702 before fees, expenses and taxes.

Now consider:
The same situation (including the assumed rate of return, before fees and expenses) but with the parents contributing $100 per month through an automatic contribution program.[1] The beneficiary's two sets of grandparents and aunt and uncle contribute $150 each birthday and $150 each holiday season.



Saving for education may seem like an impossible task—

the good news is you don't have to do it alone.

Examples are for illustrative purposes only and are not representative of any particular investment. 529 plan fees may vary. Expenses, sales loads, annual fees and deferred sales charges are not reflected in the illustration; if they were, results shown would be lower.

1. Periodic investment plans do not ensure a profit and do not protect against investment loss in declining markets. Since dollar-cost averaging involves continuous investment in securities regardless of fluctuating price levels of such securities, an investor should consider his/her financial ability to continue purchasing through periods of low price levels.

Other Education Savings Vehicles

FRANKLIN TEMPLETON

UGMA/UTMA

Roth IRA

Comparing different college saving options

	529 PLAN	CUSTODIAL ACCOUNT (UGMA/UTMA)	ROTH IRA
Control of assets	Owner of account, who may change beneficiary at any time	Beneficiary becomes owner at age of majority	Owner of account
Federal tax benefits	After-tax contributions grow and distribute tax free for qualified college expenses (or up to $10,000 per student, per year in K–12 tuition)[1]	After-tax contributions. First $1,300 in unearned income not taxed. The next $1,300 taxed at child's tax bracket, and excess earnings are generally taxed at the parent's marginal tax bracket	Contributions withdrawn without tax and penalty for any reason. Withdrawal of account earnings for higher education expenses not subject to an early withdrawal penalty[4]
Annual contributions	May front-load up to five years' worth of gifts at one time ($90,000 for individuals/$180,000 for married couples)	$18,000 for individuals/ $36,000 for married couples	$7,000 ($8,000 for taxpayers age 50 and over). Must have taxable compensation, and the limit is phased out based on income
Federal financial aid treatment[2]	Parent asset (favorable)	Student asset (less favorable)	Not counted as asset
Allowed use of funds[3]	Tuition, room and board, qualified apprenticeship programs, and other qualified expenses at any accredited college. Up to $10,000 annually per student for K–12 tuition	Funds must be used on behalf of the minor	Can be used for retirement, education, and up to $10,000 for first-time home purchase

1. Federal tax-free distributions (taken after December 31, 2017). Earnings may be subject to state income taxes in certain states.
2. Other types of financial aid calculations may differ from FAFSA.
3. Withdrawn earnings subject to federal tax and 10% penalty if not used for qualified expenses. A 529 plan can also be used to pay off student loans (up to $10,000 total).
4. Roth distributions are free from taxes and penalty if the account is held for 5 years and there has been a qualifying event such as the account owner turning age 59½.

Source: Internal Revenue service, 2024.

Tax treatment of 529 Plans

Tax Treatment of 529 Plans

- **Qualified Withdrawals**
  - Not subject to federal or state tax, provided school accepts U.S. Federal Student Aid.
- **Tax Treatment of Non-Qualified Withdrawals**
  - Only the earnings portion of the withdrawal would be taxed
  - Ordinary income tax rate of the distributee
  - Plus a 10% federal penalty on the earnings
- **Reduce Exposure to Estate Tax**
  - Contributions are considered Completed Gifts – not subject to estate tax or probate
- **Forward Gifting**
  - Contribute 5x Annual Gift Tax Exclusion under special provision in Section 529
- **No Generation Skipping Tax (GST)**
  - Contributions to grandchildren/great-grandchildren NOT subject to Generation Skipping Tax
- **Tax-Free Wealth Transfer**
  - Transferring Ownership of a 529 Plan account is NOT a taxable event[1]

1. Consider consulting a tax professional to fully understand any potential tax consequences before considering such action.

Secure 2.0 creates new backdoor Roth opportunity[1]

The Roth IRA must be established in the name of the 529 beneficiary

The 529 must be established for at least 15 years

Lifetime limit of $35,000 per beneficiary

Contributions made in the 529 plan during the last five years are not eligible to be transferred to a Roth IRA.

1. This provision is effective for distributions after December 31, 2023. Other conditions apply. For more information please visit: www.finance.senate.gov

Leverage these key estate planning benefits of 529s:

Reduce Taxable Estate

- Once a Beneficiary is designated, and a contribution is made, the assets are removed from the client's taxable estate, yet they don't give up control

Gift Tax benefits

- IRS provides Annual Gift Tax Exclusion
- 5-year "Accelerating Gifting"
- Lifetime Gift & Estate Tax Exclusion
  - The lifetime exemption is an amount of property or cash that you can give over the course of your entire life without having to pay a gift tax.
  - The federal estate tax exclusion is an amount excluded from estate tax when a person dies.

Reduce Tax Liability of Trusts

- Ability to help mitigate tax implications of a Trust, whose earnings typically are taxed at the highest bracket

Example 1:
Ultra High Net Worth (UHNW) Liquidity Event
Keep Unified Credit Intact

Peter and Melinda sold their business and were looking to remove assets from their estate.

- Unified Credit, also known as the Lifetime Tax Exemption, is the gifted amount allowed in a taxpayer's lifetime that will not be taxed. The 2024 lifetime estate tax exemption is $13.61 million (double for married couples).
- Peter and Melinda are looking to keep their Unified Credit intact, and not dip into their lifetime exemption.
- They open (20) 529 plan accounts for kids/spouses and grandchildren.
- Fund each account with $180k, using the 5-year forward-gifting provision for a married couple.
- Remove more than $3 million from their estate.

Through a special Section 529 provision, Owners may effectively use five years of their annual gift tax exclusion all at once: $90,000 for individual filers and $180,000 for joint filers.
In any year during which you 529 contributions for a particular beneficiary exceed the Annual Gift Tax Exclusion amount, you may make an election on Form 709 to spread the contributions ratably over five years (20% per year) for gift-tax purposes. This permits frontloading of up to $90,000 (in 2024) per beneficiary (or $180,000 for a married couple) into a 529 plan without generating a taxable gift, assuming no other gifts to that beneficiary are made during the five calendar-year period. If you make the five-year election and die before the fifth calendar year, the contributions allocated to the years after your death are included in your taxable estate.

Contributions in excess of the annual Gift Tax Exclusion ($18,000 for individuals; $36,000 for joint filers) – or the Section 529 5-year "Forward-Gifting" provision limits ($90,000 for individuals; $180,000 for joint filers) – would be deducted from the Giftor's Lifetime Unified Credit.

Example 2:

High Net Worth (HNW) – Tap Into Unified Credit

Marge and Ed want to fully fund college for their ten teenage grandchildren.

- Marge and Ed do want to make a larger contribution into their grandchildren's 529 accounts.
- They contribute $300,000 each to 529 plan accounts for (10) grandchildren.
- Their accountant makes a “Note to File” that their Unified Credit is to be reduced by $1.2 million for the portion of the contributions above the annual gift tax exclusion.
- Marge and Ed – while they are still alive – get to see their grandchildren benefit from their gift.

Contributions in excess of the annual Gift Tax Exclusion ($18,000 for individuals; $36,000 for joint filers) – or the Section 529 5-year “Forward-Gifting” provision limits ($90,000 for individuals; $180,000 for joint filers) – would be deducted from the Giftor’s Lifetime Unified Credit.

Example 3:
Planning for Future Generations

Maria is looking for ways to remove assets from her estate and help her children's children's children attend college.

- Maria's financial professional explains the benefit of forward gifting to her 5 grandchildren, but is concerned because two of the five have already completed college, and her oldest granddaughter also recently graduated from law school.
    - She's not sure how this will help them if they no longer have college costs to worry about.
- Her financial professional explains that 529 plans are flexible:
    - Her granddaughter can **let her gift grow** allow her to help cover **her own future children's college costs** or **transfer to a Roth IRA**.
    - Her grandson has **student loans** remaining from college, so he can use $10,000 to pay back his loan without tax penalty and save the rest if he chooses to pursue a graduate degree or for his own children.

Benefits for grandparents

Substantial contributions can be made at any time

- No need to wait until the child is in college – or even born yet

No expiration date

- In some 529 Plans, there is no distribution requirement date, so accounts can grow tax-deferred for generations

Retain Control

- Ensure assets are spent on education as distributions are controlled by the Account Owner, not the Beneficiary
- Changes in beneficiaries and ownership can be made easily without tax consequence if child does not go to college or there are excess funds

Federal Financial Aid

- Grandparent owned 529s are not part of asset test or income test when determining federal financial aid eligibility

Reduce exposure to estate tax

- Considered completed gifts – not subject to estate tax

Solution for Required Minimum Distributions

- Clients who don't need their required minimum distributions may invest those assets in a 529 plan

Flexibility

- Assign a Trust or child's parent or custodian as the account "owner"
- Can be used for various paths of education, and certain unused funds can be rolled over to Roth IRA and help kickstart grandchildren's retirement

529 Education savings myths and facts

Common 529 education savings myths

FRANKLIN TEMPLETON

MYTH ✖

529s can only be used in the plan’s state.

FACT ✓

You can use 529s for most higher education institutions in the United States, no matter where your 529 savings plan is based. You can even use it for international programs.

Common 529 education savings myths

MYTH ✗

Only parents can be an account owner and contribute to the 529 plans.

FACT ✓

Parents, grandparents, aunts, uncles, friends…almost anyone can be an account owner with a valid U.S. Tax ID and a permanent address. You can even open a 529 plan for yourself. And anyone can contribute to a 529 plan!

Common 529 education savings myths

MYTH ✕

Owning a 529 will impact the beneficiary's access to financial aid.

FACT ✓

The impact on financial aid is limited and will vary depending on who the Account Owner is.

Source How do 529 plans Affect Financial Aid? - Savingforcollege.com

Common 529 education savings myths

MYTH ✕

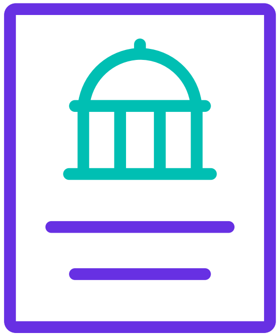
I make too much money to contribute to a 529 plan.

FACT ✓

It does not matter how much you earn. 529 plans have no income limits.

Common 529 education savings myths

FRANKLIN TEMPLETON



MYTH ✖

My child can take their money from their account when they turn 18.

FACT ✓

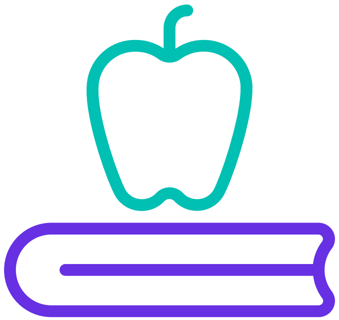
You have control! The account owner controls the 529 plan's assets and how they will be used. Unlike an UGMA/UTMA, the beneficiary has no legal rights to the plan's assets, even when they turn 18.

Common 529 education savings myths

FRANKLIN TEMPLETON

MYTH ✖

529 plans can only be used for tuition



FACT ✓

529 savings can be used for:

- For accredited higher education schools (e.g. college or vocational schools), savings can also be used for mandatory fees, supplies, books, and room and board, if the beneficiary is enrolled at least half-time.
- Tuition of $10,000 per year for K-12
- Amounts paid as principal or interest on certain existing loans of the beneficiary or their sibling[1]
- Unused 529 funds can be transferred into a beneficiary's Roth IRA.[2]

1. Subject to various limits including annual limits, can constitute qualified distributions.
2. SECURE Act 2.0. Rollovers Transfers are subject to Roth IRA contribution limits, and the account must have been open for more than 15 years. This provision is effective for distributions after December 31, 2023. Other conditions apply. For more information please visit: www.finance.senate.gov.

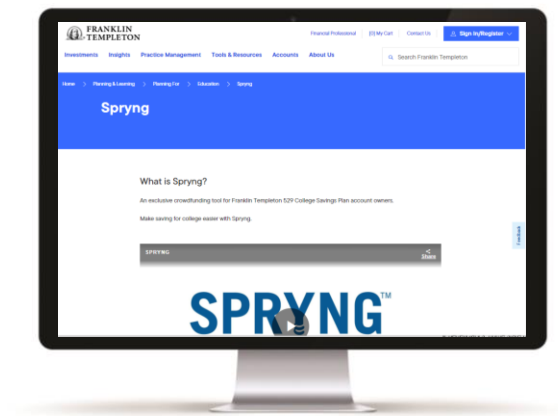
Franklin Templeton 529 College Savings Plan

Make Saving for College Easier with Spryng™

Designed exclusively for Franklin Templeton 529 College Savings Plan

FRANKLIN TEMPLETON

Spryng is a personal crowdfunding tool that allows account owners to easily create an online profile for their child, share the profile with friends and family, and encourage contributions directly into the child's 529 account.



Saving with Spryng – Easy as 1, 2, 3

Create a personal story about the 529 beneficiary.

Publish once your profile is complete!

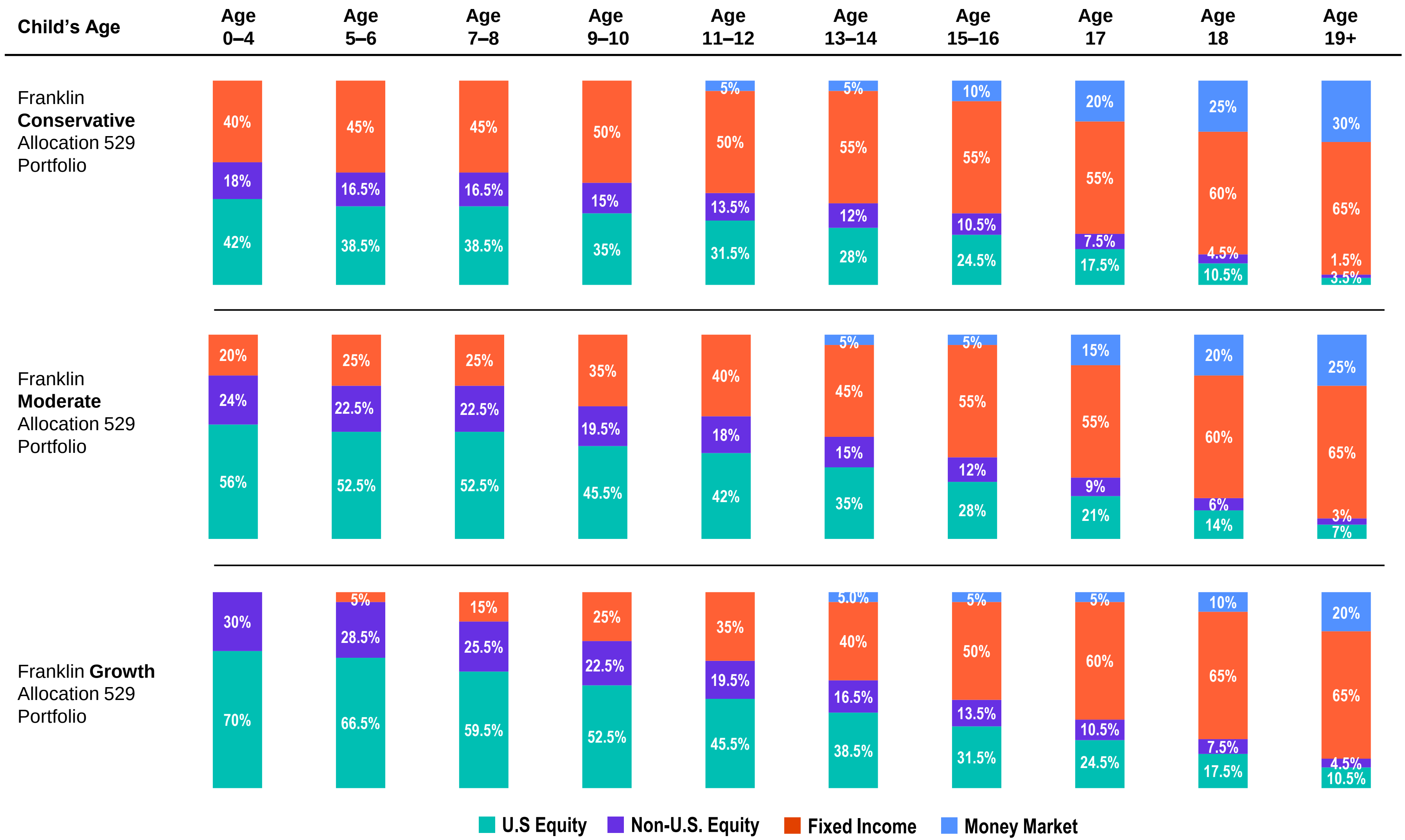
Share via email or social media with friends and family!

Learn More

For additional details including a comprehensive User Guide, please visit **franklinspryng.com.** For additional questions, please contact us at (800) 342-5236.

Investors should read the Program Description *carefully before investing and consider whether their, or their 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 its qualified tuition program.*

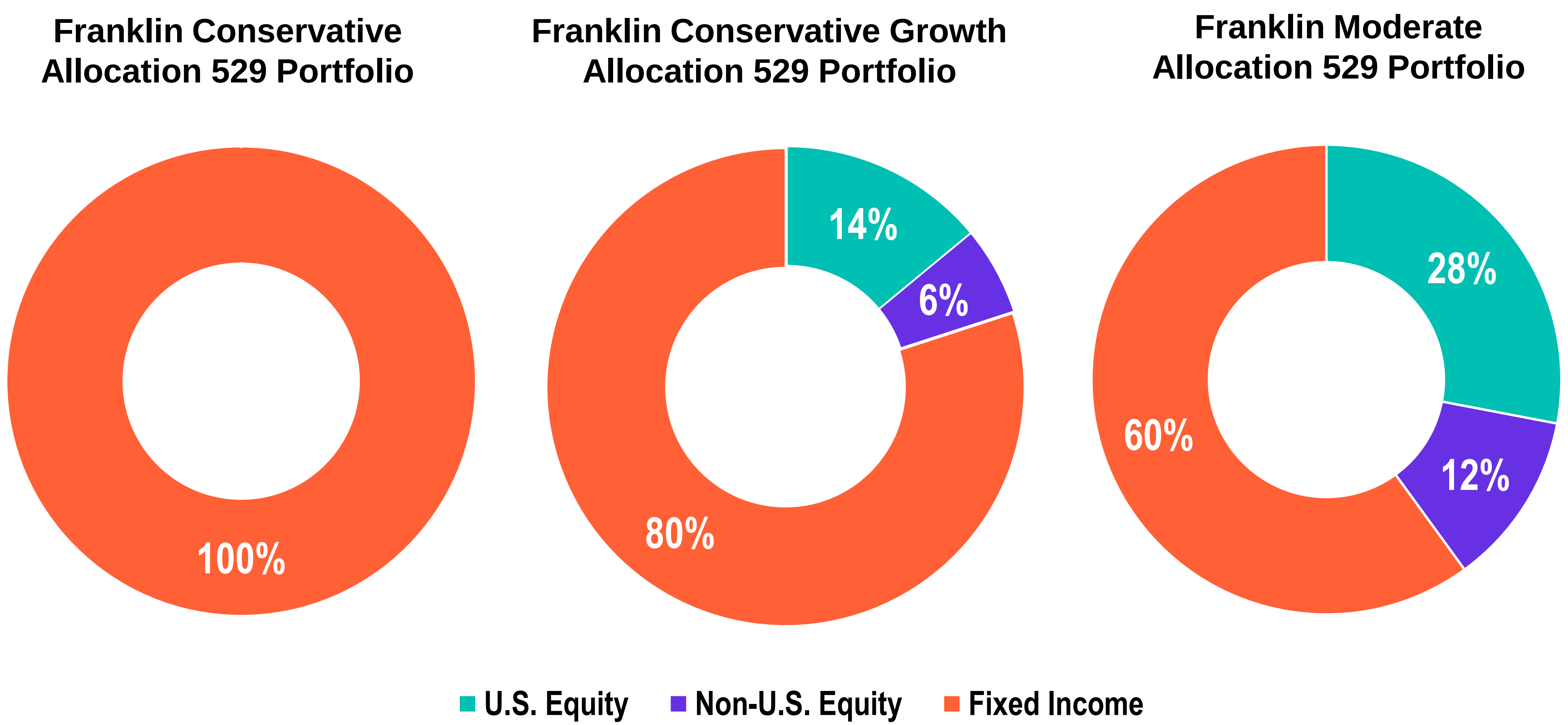
Age-Based Asset Allocations[1]



Holdings and allocations are subject to change.

1. An investment in Franklin Templeton 529 College Savings Plan is an investment in a municipal security that may invest in one or more underlying funds. It is not an investment in shares of the underlying fund(s). Asset allocation, diversification and rebalancing do not guarantee a profit or protect against loss.

Objective-Based Asset Allocations[1]



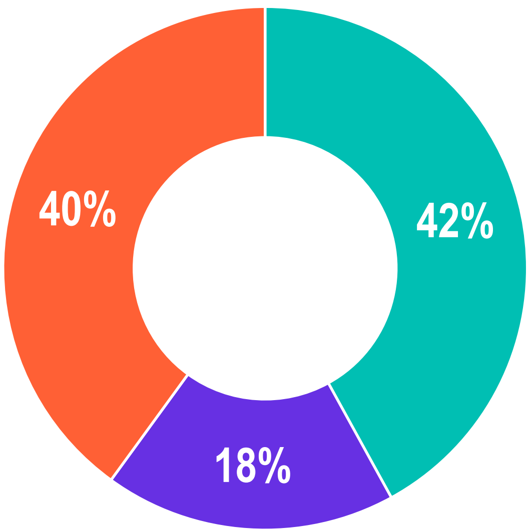
Holdings and allocations are subject to change.

1. An investment in Franklin Templeton 529 College Savings Plan is an investment in a municipal security that may invest in one or more underlying funds. It is not an investment in shares of the underlying fund(s). Asset allocation, diversification and rebalancing do not guarantee a profit or protect against loss.

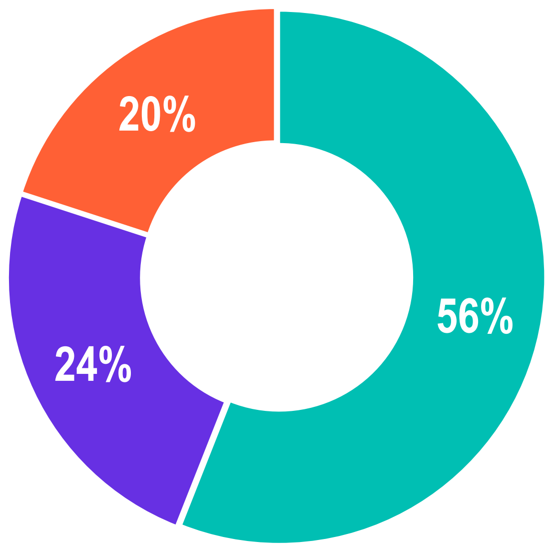
Objective-Based Asset Allocations[1]

FRANKLIN TEMPLETON

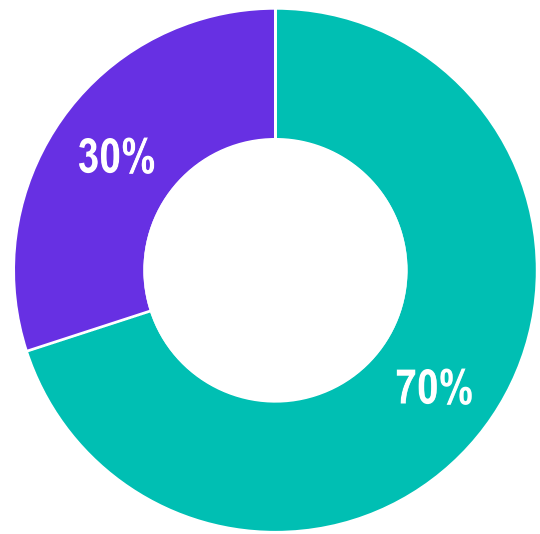
Franklin Moderate Growth Allocation 529 Portfolio



Franklin Growth Allocation 529 Portfolio



Franklin Aggressive Growth Allocation 529 Portfolio



U.S. Equity | Non U.S. Equity | Fixed Income

Holdings and allocations are subject to change.

1. An investment in Franklin Templeton 529 College Savings Plan is an investment in a municipal security that may invest in one or more underlying funds. It is not an investment in shares of the underlying fund(s). Asset allocation, diversification and rebalancing do not guarantee a profit or protect against loss.

Individual Portfolios[1]

U.S. Equity

- Franklin Growth 529 Portfolio
- ClearBridge Large Cap Value 529 Portfolio
- Franklin U.S. Large Cap Index 529 Portfolio
- Franklin Small-Mid Cap Growth 529 Portfolio
- Ariel 529 Portfolio[2]
- Franklin DynaTech 529 Portfolio

Non-U.S. Equity

- ClearBridge International Growth 529 Portfolio

Balanced

- Franklin Income 529 Portfolio

Fixed Income

- BrandywineGLOBAL - Global Opportunities 529 Portfolio
- Western Asset Short-Term Bond 529 Portfolio
- Western Asset Core Plus Bond 529 Portfolio

Money Market

- Franklin U.S. Government Money 529 Portfolio

ESG

- Martin Currie International Sustainable Equity 529 Portfolio
- ClearBridge Sustainability Leaders 529 Portfolio

While the Franklin U.S. Government Money 529 Portfolio will invest all of its assets in a money market mutual fund and will value its units based on the underlying money market fund share value, the Franklin U.S. Government Money 529 Portfolio itself is not a money market mutual fund. The Franklin U.S. Government Money 529 Portfolio will not seek capital appreciation and may under perform other investment options. You could lose money by investing in this investment option. Although the underlying money market fund in which the Franklin U.S. Government Money 529 Portfolio invests seeks to preserve its value at $1.00 per share, the underlying fund cannot guarantee it will do so. An investment in this investment option is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. 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. Although the fund invests in U.S. government obligations, an investment in the fund is neither insured nor guaranteed by the U.S. government.

Holdings and allocations are subject to change.

1. An investment in Franklin Templeton 529 College Savings Plan is an investment in a municipal security that may invest in one or more underlying funds. It is not an investment in shares of the underlying fund(s). Asset allocation, diversification and rebalancing do not guarantee a profit or protect against loss.
2. Assets of the Ariel 529 Portfolio currently are invested in the Ariel Fund, a series of Ariel Investment Trust, distributed by Ariel Distributors, LLC. The Ariel Fund's fundamental objective is long-term capital appreciation. Ariel Investments, LLC is not affiliated with Franklin Templeton. For a description of the Fund's main types of investment risks, please see the *Program Description*.

Underlying mutual funds/securities

	Individual	Age-Based			Objective-Based					
		Conservative	Moderate	Growth	Conservative	Conservative Growth	Moderate	Moderate Growth	Growth	Aggressive Growth
US Equities										
Ariel Fund	■									
Franklin DynaTech Fund	■									
Franklin Growth Fund	■	■	■	■		■	■	■	■	■
ClearBridge Large Cap Value Fund	■	■	■	■		■	■	■	■	■
Franklin Small-Mid Cap Growth Fund	■									
Franklin US Core Equity Fund		■	■	■		■	■	■	■	■
Franklin US Equity Index ETF	■	■	■	■		■	■	■	■	■
iShares MSCI USA Quality Factor ETF		■	■	■		■	■	■	■	■
Franklin US Large Cap Multifactor Index ETF		■	■	■		■	■	■	■	■
iShares Russell 2000 ETF		■	■	■		■	■	■	■	■
Non-US Equities										
Templeton Foreign Fund		■	■	■		■	■	■	■	■
Franklin International Core Equity Fund		■	■	■		■	■	■	■	■
ClearBridge International Growth Fund	■	■	■	■		■	■	■	■	■
iShares Core MSCI EAFE ETF		■	■	■		■	■	■	■	■

Underlying mutual funds/securities (cont'd.)

	Individual	Age-Based			Objective-Based					
		Conservative	Moderate	Growth	Conservative	Conservative Growth	Moderate	Moderate Growth	Growth	Aggressive Growth
Balanced										
Franklin Income Fund	■									
Fixed Income										
BrandywineGLOBAL – Global Opportunities Bond Fund	■									
Franklin High Yield Corporate ETF		■	■	■	■	■	■	■	■	
Franklin International Aggregate Bd ETF		■	■	■	■	■	■	■	■	
Franklin Investment Grade Corporate ETF		■	■	■	■	■	■	■	■	
Franklin Liberty U.S. Treasury Bond ETF		■	■	■	■	■	■	■	■	
Franklin U.S. Core Bond ETF		■	■	■	■	■	■	■	■	
iShares Floating Rate Bond ETF		■	■	■	■	■	■	■	■	
Western Asset Core Plus Bond Fund	■	■	■	■	■	■	■	■	■	
Western Asset Short-Term Bond Fund	■	■	■	■	■	■	■	■	■	
Cash										
Franklin IFT Money Market Portfolio	■	■	■	■	■	■	■	■	■	■
ESG										
Martin Currie International Sustainable Equity ETF	■									
ClearBridge Sustainability Leaders Fund	■									

Special benefits for New Jersey residents

New Jersey Resident Benefits

- ## State Tax Deduction[1]
  - NJ state tax deduction for contributions into a Franklin Templeton 529 College Savings Plan of up to $10,000 per taxpayer with gross income of $200,000 or less
  - Beginning with contributions to a Franklin Templeton 529 College Savings Plan made in tax year 2022
- ## Matching Grant Program[2]
  - One-time grant of up to $750 matched dollar-for-dollar of the initial deposit into a Franklin Templeton 529 College Savings Plan
  - Eligible for New Jersey taxpayers with household adjusted gross income between $0 and $75,000
  - For accounts open on or after June 29, 2021
- ## Tax-free Scholarship[3]
  - Opportunity to receive up to $6,000 in a tax-free scholarship
- ## Won't Interfere with New Jersey Financial Aid[4]
  - Plan assets of up to $25,000 won't be included in determining a beneficiary's eligibility to receive financial aid awarded by the state of New Jersey.
- ## Creditor Protection
  - Under New Jersey law, plan assets are generally exempt from claims of creditors excluded from an estate in bankruptcy.[5]

1. The New Jersey College Affordability Act allows for a state tax deduction for contributions into a Franklin Templeton 529 College Savings Plan of up to $10,000 per year, for those with gross income of $200,000 or less, beginning with contributions made in tax year 2022. The maximum deduction is $10,000. Because each investor's circumstances are different, please consult your tax professional for more information about considerations that may be relevant to your particular situation.
2. The New Jersey College Affordability Act allows taxpayers with household adjusted gross income between $0 and $75,000 to be eligible for a one-time grant of up to $750 matched dollar-for-dollar of the initial deposit into a Franklin Templeton 529 College Savings Plan account for accounts open on or after June 29, 2021. Visit HESAA's site for terms and conditions and how to apply. This program is subject to available funding.
3. Investing in a Franklin Templeton 529 College Savings Plan does not guarantee admission to any particular elementary or secondary school or to college, or sufficient funds for elementary or secondary school or for college. The scholarship is only available for college and is awarded any fall or spring semester of college. The NJBEST scholarship is provided by the New Jersey Higher Education Student Assistance Authority.
4. Please see the *Program Description* for more information.
5. Exceptions include: cases of fraudulent conveyance, claims under an order for child or spousal support or of an alternate payee under a qualified domestic relations order, or punitive damages awarded in a civil action arising from manslaughter or murder. Please note that, depending on the circumstances, the laws of states other than New Jersey may determine the rights of creditors in a claim or bankruptcy involving a Program Account.

Let’s Review

- **Higher Education Leads to Opportunities**
  - Investing in an education is an expense that is worth it, given lifelong income advantages***.***
- **Put Time on Your Side**
  - Start small if you have to, but **start now**.
- **529 Plans Provide a Wide Range of Benefits**
  - The tax treatment, expanded flexibility and estate planning features of 529 plans provide many reasons to consider this method of saving for higher education.
- **Consider the Franklin Templeton 529 College Savings Plan**
  - With tools and resources, along with special benefits for New Jersey residents, the Franklin Templeton plan offers options for each client’s unique goals.

Take Action Today

It’s as easy as 1, 2, 3

1. Educate yourself

2. Benefit from a financial professional

3. Start investing today in Franklin Templeton 529 College Savings Plan

All investments involve risk including possible loss of principal. Diversification does not guarantee a profit or protect against a loss.

Investors should carefully consider the 529 plan's investment goals, risks, charges and expenses before investing. To obtain the *Program Description*, which contains this and other information, talk to your financial professional or call Franklin Distributors, LLC, the manager and underwriter for the 529 plan at (800) DIAL BEN / 342-5236 or visit franklintempleton.com. You should read the *Program Description* carefully before investing and 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 its qualified tuition program.

Franklin Templeton's 529 College Savings Plan is offered and administered by the New Jersey Higher Education Student Assistance Authority (HESAA); managed and distributed by Franklin Distributors, LLC, an affiliate of Franklin Resources, Inc., which operates as Franklin Templeton.

Investments in Franklin Templeton's 529 College Savings Plan are not insured by the FDIC or any other government agency and are not deposits or other obligations of any depository institution. Investments are not guaranteed by the State of New Jersey, Franklin Templeton, or its affiliates and are subject to risks, including loss of principal amount invested. Investing in the plan does not guarantee admission to any particular primary, secondary school or college, or sufficient funds for primary, secondary school or college.

Franklin Templeton, its affiliates, and its employees are not in the business of providing tax or legal advice to taxpayers. These materials and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties or complying with any applicable tax laws or regulations. Tax-related statements, if any, may have been written in connection with the "promotion or marketing" of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax professional.

This material has been provided for informational purposes only and should not be construed as investment advice or a recommendation of any particular investment product, or strategy.

FRANKLIN TEMPLETON

(800) 342-5236
franklintempleton.com

HESAA
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

529-BEY-0424