A 529 plan is an account that allows you to invest specifically for future education expenses. Similar to IRAs and 401(k)/403(b) plans designed to help save for retirement, 529 plans are aimed at helping families save for college. The accounts are administered at the state level, and are managed by a financial services company that handles all the paperwork and oversees the investments.

529 PLANS OFFER MANY ADVANTAGES:

**TAX-FREE**
Contributions grow tax-deferred, meaning potentially bigger gains over time. Withdrawals are tax-free when the money is used for qualified higher education expenses.

**FLEXIBLE**
Funds can be used at eligible schools nationwide. So whether the beneficiary wants to be a rocket scientist, welder or chef, he or she is covered.

**ACCESSIBLE**
Anyone who is a U.S. citizen or resident alien and at least 18 years old who would like to contribute on behalf of a beneficiary (the person for whom you are contributing money, including a minor child, a spouse or yourself) can establish a 529 account.

**VALUABLE**
529’s can be used to cover a range of expenses, including mandatory fees, books, supplies, and equipment required for enrollment or attendance, along with certain room-and-board costs.

For questions about the Michigan Education Savings Program or establishing your college savings payroll contributions, contact:

Jennifer D. Uhlar
Tuition Financing Consultant
248-351-1406 | JUhlar@tiaa.org
2000 Town Center, Suite 2000
Southfield, MI 48075

**Michigan’s direct-sold 529 College Savings Program**

**www.MIsaves.com | 1-877-861-MESP**
COMMON MYTHS AND MISUNDERSTANDINGS—AND THE TRUTHS BEHIND THEM.

IF YOU'RE CONFUSED ABOUT 529 PLANS, YOU'RE NOT ALONE. HERE ARE SOME MYTHS AND MISCONCEPTIONS

529 savings plans are only for in-state, public colleges or universities.

FALSE. Funds can be used to send your children, grandchildren, other loved ones, or even yourself to any accredited public or private U.S. college or university—or two-year technical or vocational institution—as well as qualifying international institutions.

I must open a 529 account in the state where I live.

FALSE. You can invest your money in almost any state's 529 plan, the majority of which have no residency requirements. Before investing in a particular plan, you should consider whether the state in which you or your designated beneficiary reside or have taxable income offers any specific benefits. Some states allow you to deduct contributions from your taxable state income, giving you a financial incentive to invest in your home state plan. Michigan offers a generous state tax benefit of $10,000 for joint filers, and $5,000 for single filers. See the Disclosure Booklet for any plan you are considering for more details about that plan.

If I save in a 529 plan my child will not get Financial Aid.

FALSE. Money saved in a 529 plan does not disqualify students for financial aid. Actually, 529 assets are typically treated as belonging to the parent (or grandparent, etc.) and count less in Expected Family Contribution (EFC) calculations than assets held in the child's name. The EFC calculation is used to determine how much the family is expected to contribute to their child's higher education. For additional information, visit fafsa.ed.gov and check with the schools you are considering.

My beneficiary gains control of the money when he or she gets to be college age.

FALSE. The account owner (you) is always in charge. This means you control the funds in any 529 account you open. The beneficiary cannot withdraw money or change investment options.

My 529 account can never lose value.

FALSE. Like any investment, a 529 account can gain or lose value over time. To help protect your investment, many plans offer an age-based option that automatically moves your money into more conservative allocations as your beneficiary gets closer to attending college. This option may help your account preserve its principal and earnings. However, it still isn't a guarantee that your account won't decline in value. If safety of principal—meaning your original investment—is your biggest priority, consider a stable value fund, offered in some state 529 plans. A stable value fund seeks to preserve principal while offering opportunities for income, providing some potential for growth.

An individual 529 plan account is different from a custodial (UGMA/UTMA) account, where the child is the owner of the account and gains control of the funds at age of majority (typically 18 or 21 depending on the state).

To learn more about the Michigan Education Savings Program, its investment objectives, tax benefits, risks and costs, please see the Disclosure Booklet at aboutchetch.com. Read it carefully. Investments in the Plan are neither insured nor guaranteed and there is the risk of investment loss. If the funds aren’t used for qualified higher education expenses, a 10% penalty tax on earnings (as well as federal and state income taxes) may apply. Check with your home state to learn if it offers tax or other benefits such as financial aid, scholarship funds or protection from creditors for investing in its own 529 plan. Consult your legal or tax professional for tax advice, including the impact of the new federal tax changes. TIAA-CREF Individual & Institutional Services, LLC, Member FINRA and SIPC, distributor and underwriter for the Michigan Education Savings Program.