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**Scholars
Choice** 
EDUCATION SAVINGS PLAN
BY COLLEGEINVEST®

Scholars Choice Education Savings Plan®

A pay-for-school playbook

When it comes to education, don't just call it a dream

Make it a plan

When it comes to paying the high price of a higher education, one thing is for sure: A plan to learn needs a plan to pay.

Considering college alone, families spent \$30,017 to cover the cost of the 2019–20 academic year¹, which represents a 14% increase from the prior year. And that increase is not a short-term blip, it's a long-term trend. In fact, the costs of obtaining a college education in the U.S. have ballooned relative to overall inflation. Average college tuition and fees have increased by 1200% since 1980, while inflation is up 236%².

That's how – over the years – adventures in learning turned into challenges in paying. It's no wonder that many families struggle to pay, and that student debt has also been soaring.

So if you're looking for a plan to pay for higher education: Good for you! You're in the right place.

Not enough families are planning

Only **54%** of families considering higher education say they have a plan to pay for it.

And, **84%** agree creating a plan is challenging.

Source: Sallie Mae, *Higher Ambitions: How America Plans for Post-secondary Education*, 2020

But those who do plan have an advantage

When comparing families who have created a plan to pay for higher education to families who haven't created a plan, planners seem to have the advantage in terms of commitment, preparedness, and confidence.

Planners are significantly more likely than non-planners to be saving for the student's higher education (73% vs 19%, respectively). And, among those who have saved, planners have saved nearly twice as much, an average of \$28,389, compared to non-planners' \$14,999 savings.

Planners have saved nearly twice as much, on average, compared to non-planners



Source: Sallie Mae, *Higher Ambitions: How America Plans for Post-secondary Education*, 2020

Finally, most agree: It's not just about paying for education...it's about investing in the future

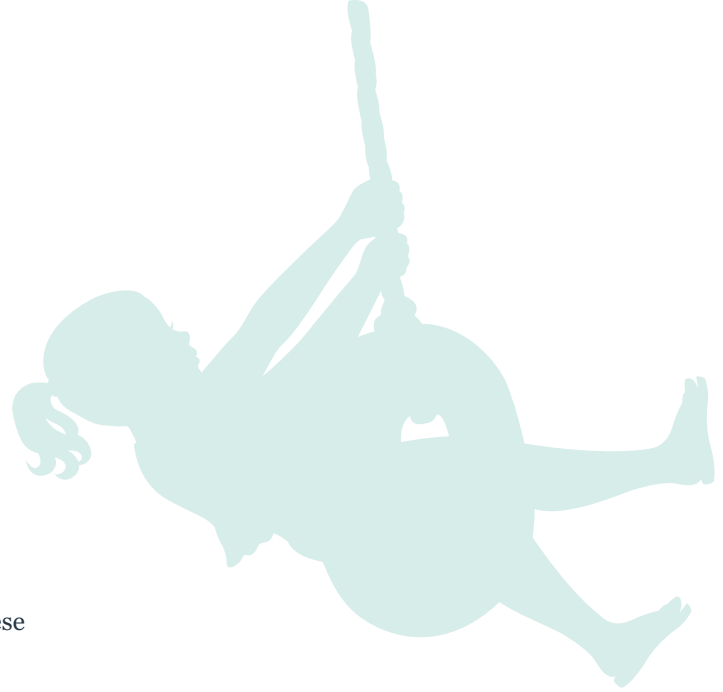


9 in 10

families say college is an investment in their student's future

Nearly 9 in 10 families agree higher education is an investment in the student, with pay-offs that include the student achieving his/her career goal and higher earnings, while a smaller majority (72%) agree that the cost of college represents an appropriate-to-excellent value.

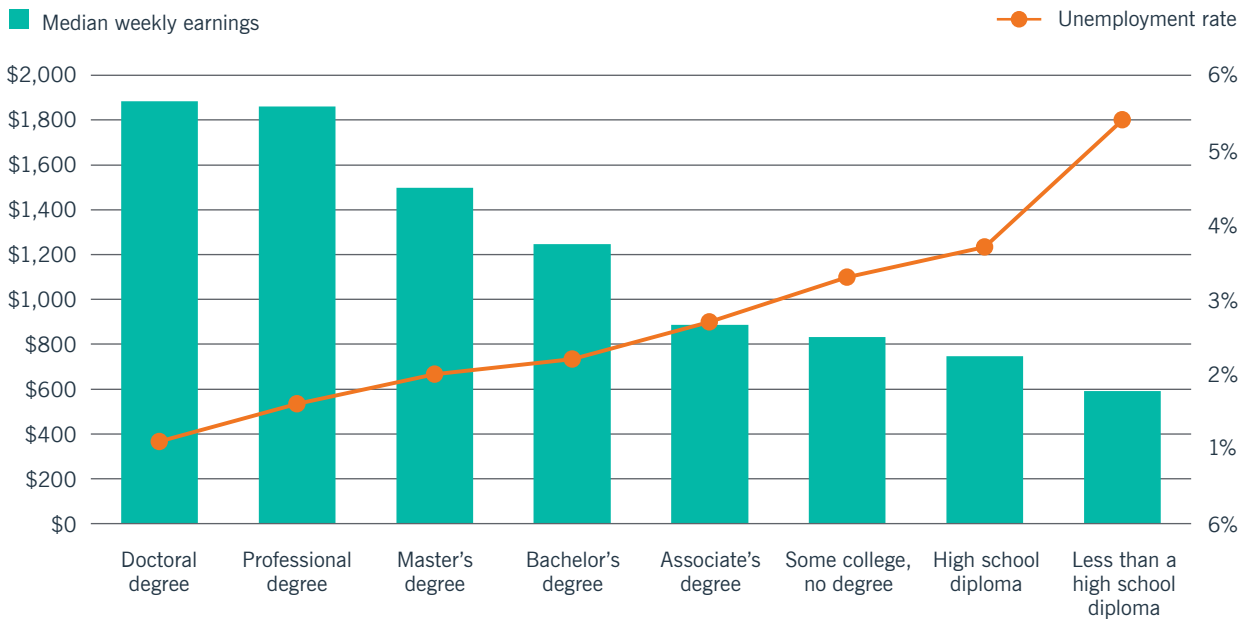
Source: SallieMae "How America Pays For College" 2020



And what about that “investment in the future” part?

Turns out, it might be true. Having a college degree (or any advance degree) may help your children earn more – and help them remain employed during trying times. Additionally, these days, a college degree can be a necessity for many professional opportunities, growth and advancement.

More learning might equal more earning



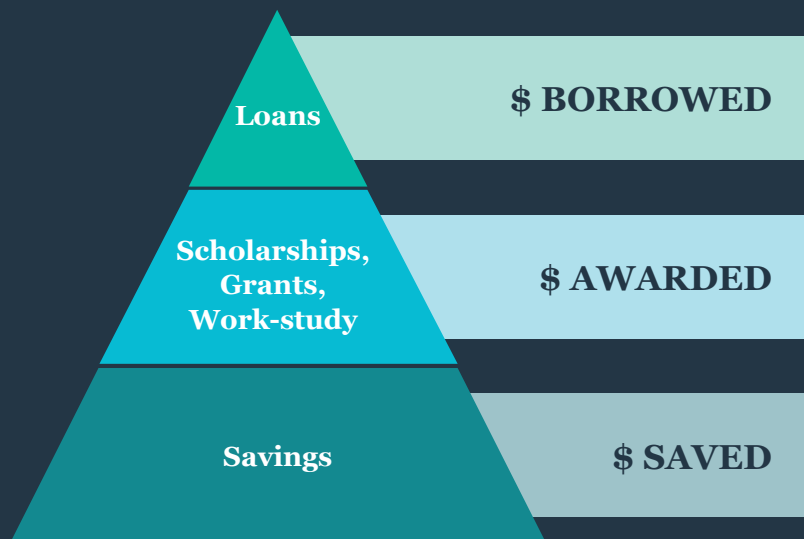
Source: The College Board, 2020. Assumes college costs rise at 5% per year. Public college costs based on in-state rates.

The foundation of smart education funding

As the cost of college continues to climb, many families can't save the entire amount, especially if there is more than one child to plan for. We have a simple plan for a complete college funding strategy that includes:

- Money you save, such as assets in a 529 education savings plan
- Money you “win,” including student need and merit awards like scholarships, grants or inclusion in federal work-study programs, and
- Money you borrow, like federal and private student loans

At the end of the day, a smart pay-for-school plan is weighted something like this:



How much you'll need from the top two levels will depend on the bottom level – how much you're able to save. The best plan, to avoid overreliance on pricey student loans, is to have most of the weight on the bottom. That means focusing on money you don't have to pay back – only supplementing with loans to fill the gap.

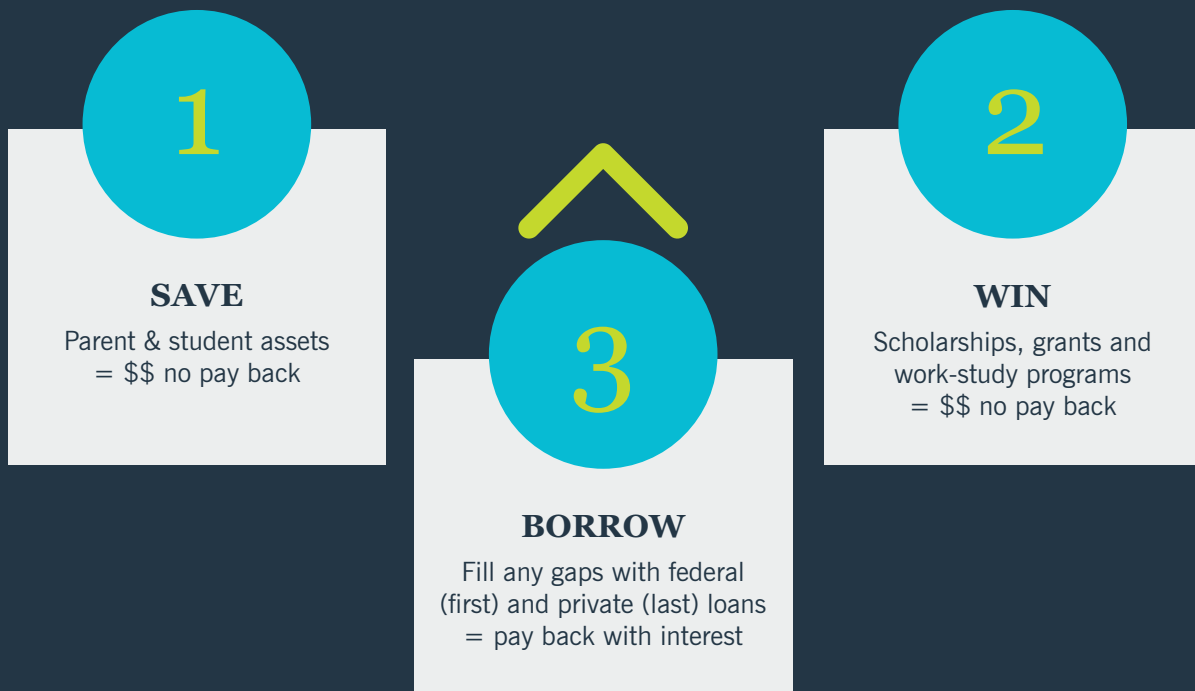
It can all seem very complicated. But you don't have to be an expert on all these topics. You just need a basic understanding, which we'll offer here. Your financial professional is a great resource, too.

Let's plan...

A simple strategy... for the plan-to-pay challenge

When it comes to paying for post-secondary education, consider basing your plan on this *SAVE-WIN-BORROW* approach. It's as simple as this: Focus on money you won't have to pay back. Consider the gap between your available resources and the cost of college, then close the gap with money you will have to pay back. This is illustrated below.

Your Save-Win-Borrow plan to pay



1. First, save as much as possible in tax-advantaged 529 education savings plans.
2. Second, seek to win awards that are based on student need and merit, including scholarships and grants.
3. Third, fill in any gaps with loans. Start with federal student loans and supplement with private student loans, if needed.

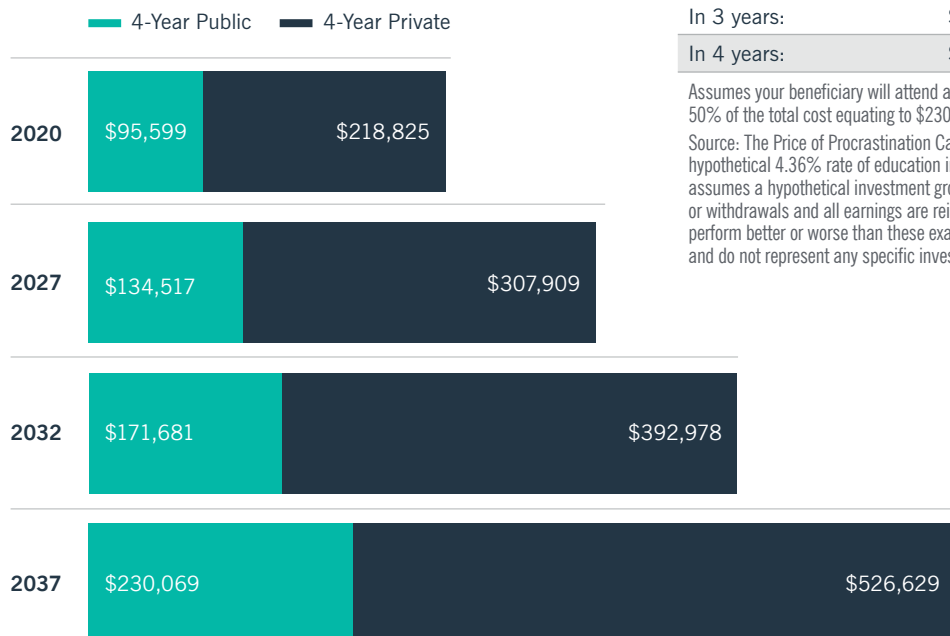
Planning to SAVE

To get a handle on your savings plan, you need to know how much you might need to pay and decide how much you can put away toward that goal each month. The earlier you start, the better. Then, you'll also need a smart plan for helping your savings grow.

Know the cost

As discussed earlier, the cost of college education in America has been climbing faster than inflation for decades. That means planning for college expenses in the future with today's costs in mind won't give you an accurate picture. For now, check out the projections below to get a handle on cost projections for both public and private schools. And, when you're ready to get more precise, there are helpful college calculators at [scholars-choice.com](https://www.scholars-choice.com) (also see the resources on the last page).

Projected cost of four years of college: Public and private colleges 2020–2037



Source: The College Board, 2020. Assumes college costs rise at 5% per year. Public college costs based on in-state rates.

Set your savings goal and start early to save less

The just-mentioned calculators and resources can also help you determine a saving strategy, including a monthly goal – a tangible pay-for-school plan. The most important thing to know is this: Start as soon as you can. As shown by the table below, there's a high cost for procrastination. As the years go by, the price and payments keep going up.

Then, you won't have to save (or borrow) as much!

If you start saving...	Your monthly contribution will be...
Now:	\$248.50
In 1 year:	\$270.00
In 2 years:	\$294.50
In 3 years:	\$322.00
In 4 years:	\$353.00

Assumes your beneficiary will attend a public in-state university in 18 years, covering 50% of the total cost equating to \$230,069.

Source: The Price of Procrastination Calculator, SavingforCollege.com. Assumes a hypothetical 4.36% rate of education inflation over 18 years. Your monthly contribution assumes a hypothetical investment growth of 6% assuming no additional contributions or withdrawals and all earnings are reinvested. Your investment will vary and may perform better or worse than these examples which are for illustrative purposes only and do not represent any specific investment.

Help your savings grow with another great plan: A 529 plan, like Scholars Choice

529 plans offer several savings and investing benefits, including:

Tax advantages

Your investments will grow tax-deferred as long as the money remains in your Scholars Choice account.

Withdrawals used to pay for higher education expenses such as tuition, fees, room and board, books, required supplies and computers are currently free from federal and state income tax. And now, 529 plan withdrawals can also be used to pay for up to \$10,000/year of tuition at public, private or religious elementary or secondary schools (K-12). The tax consequences of using 529 plans for elementary or secondary education tuition expenses may include recapture of tax deductions received from the original state as well as penalties.³

Account owner control

Account owners always maintain control over the account, including the ability to use the money for purposes other than college should the need arise.⁴ The Designated Beneficiary cannot use the saved money without the consent of the account owner.

Flexibility

Any U.S. resident, including parents, grandparents, relatives, and even friends of the family, can open accounts for the benefit of anyone.

You may change the beneficiary to an eligible family member of the beneficiary without penalty.

And, you can use your account balance to pay for qualified expenses at accredited schools throughout the U.S. and overseas, including vocational and trade schools.

Gifting and estate planning

Contributions to your account are considered completed gifts and are excluded from your federal taxable estate. Up to \$15,000 (\$30,000

for married couples filing jointly) can be given in a single year without incurring federal gift tax.

Similarly, up to \$75,000 (\$150,000 for married couples filing jointly) can be given as long as there are no additional gifts for five years.⁵

529 plan basics

Saving for college, graduate school, vocational training, apprenticeship programs, or even K-12 public, private, or religious schools can be more attainable with the tax-advantaged benefits of a 529 savings plan.³

A 529 plan is...

- A tax-advantaged education-savings account
- Similar to a Roth IRA account, but used for education instead of retirement
- Designed to cover the cost of tuition and related qualified education expenses
- Named after a section of the Internal Revenue Code

The Federal Tax Cuts and Jobs Act (TCJA), which was signed into law in December 2017 and became effective January 1, 2018, expanded the definition of a qualified higher education expense to include up to \$10,000 (federal tax-free withdrawals) per year in tuition expenses at public, private and religious elementary and secondary schools (K-12).

The state tax consequences of using 529 plans for elementary or secondary education tuition expenses will vary depending on state law and may include recapture of tax deductions received from the original state and may also include taxes and penalties. Some states (such as Colorado) do not offer state tax deductions or tax credits for K-12 tuition, and other restrictions may apply.

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Planning to WIN and BORROW

Sources of student aid

Don't worry if you can't save the entire cost of college; student aid is available.

Aid primarily comes in four forms: scholarships, grants, federal work-study programs and student loans – federal and private. The first three provide students with money at no cost, while student loans come at a price.

Scholarships – A scholarship is money awarded that the recipient is not expected to pay back. Scholarship amounts can vary greatly depending on the type of scholarship awarded.

Grants – Unlike scholarships, which typically require students to maintain certain requirements, such as a minimum GPA or number of credit hours, grants generally come with no strings attached.

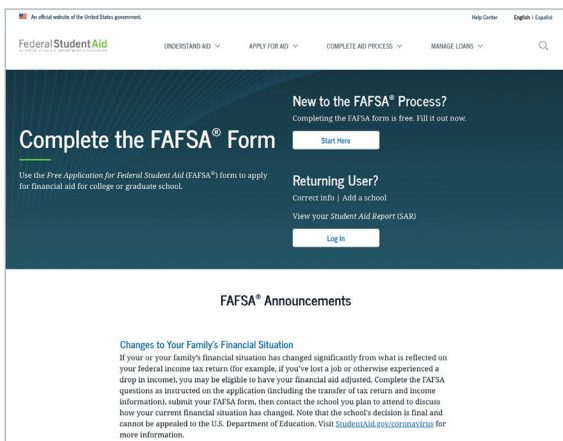
Federal work-study programs – These programs, administered by participating schools, provide part-time jobs located both on and off campus for students who demonstrate financial need.

Student loans – A loan is borrowed funds that must be repaid with interest.

- ◇ A federal student loan allows students and their parents to borrow money at low interest rates with flexible repayment terms through programs supported by the federal government.
- ◇ A private student loan is issued by a lender such as a bank or credit union.

Applying for aid

The first step in applying for federal financial aid is to complete the Free Application for Federal Student Aid (FAFSA).



The fastest and easiest way to apply is online at www.FAFSA.gov.

Most college students and their families are expected to contribute toward their college education costs. How much they will be expected to contribute will depend upon their financial situation and what's called the Expected Family Contribution (EFC). The FAFSA is used to determine the family's EFC based on financial information such as assets and income.

The difference between a college's Cost of Attendance (COA) and a student's EFC determines a student's financial need. The FAFSA is what most colleges use to determine eligibility for federal aid – as well as state and college-sponsored financial aid – including grants, federal work-study programs and federal student loans.

Crunching the numbers

As shown below, the EFC calculation takes into consideration both the student's and parents' assets and income. Specifically, 20% of the student's assets, such as a bank account or Uniform Gift to Minors Act/Uniform Transfer to Minors Act (UGMA/UTMA)⁶ custodial account, and 50% of the student's income, such as money earned from a summer job, are included.

Up to 5.6% of the parents' assets are counted, excluding qualified retirement account assets, private home equity and family business. Between 22% and 47% of parents' income is also counted. Additional factors, such as how many children are in the family and how many are in college, also have an impact on the EFC calculation.

Impact of assets and income on EFC calculation⁷

Owner	Assets	Income
Student	20%	50%
Parents	Up to 5.6%	22-47%

Source: U.S. Department of Education

Note: Student and parental income is assessed only above a threshold [the income allowance].

Factoring in your 529 plan

How are 529 plan assets and distributions counted in the EFC calculation? 529 plan assets owned by a parent will be treated as parental assets and counted up to 5.6%.

If the owner of the 529 plan is a third party, such as a grandparent, another relative or nonrelative, it's different. The assets will not be counted in the original EFC calculation. However, the entire distribution will be included as income of the student, and together with income from all other sources, such as summer jobs, will be counted in the following year's EFC calculation. As previously mentioned, 50% of the student's income is counted in the EFC calculation each year.

New for FAFSA

Recent changes:

Families can now file the FAFSA beginning October 1 for the following academic year (e.g., October 2021 for the 2022–23 academic year). And, you can use income tax returns from the prior tax year.

Previously, FAFSA filings started January 1 and you would have to estimate your income taxes for the previous year, then update the information once your taxes were filed. Under the new rule, the look-back will be two years, and there will be no need to estimate income taxes and later revise them.

Please note that the treatment of 529 plan assets for EFC purposes is subject to interpretation and may change from time to time.

Coming soon:

Thanks to the 2021 Consolidated Appropriations Act (funding bill signed into law at the end of December 2020), many new financial aid rules are set to go into effect, including changes to the FAFSA form, which is intended to eliminate the complexity of the federal financial aid process.

Most of the changes will become effective for the 2024-2025 school year, including the new and simplified FAFSA form. Key changes include:

- Cash contributions from grandparents, including distributions from grandparent-owned 529 plans and direct tuition payments to colleges, will no longer hurt a student's eligibility for need-based financial aid. Because the FAFSA uses tax information from 2 years prior, the 2024-25 school year will use 2022 tax returns.
- FAFSA will be shorter and more user-friendly
- Expected Family Contribution will be renamed as "Student Aid Index"
- Expanded eligibility for Pell Grants
- Repeal of the subsidized usage limit for federal direct loans

This information is for educational purposes only and subject to change. Be sure to consult with your financial aid professional for details and advice.

Where to start

Even if college is years away, there are still steps you can take to plan

For example, you can estimate how much federal financial aid your child may qualify for without filling out the FAFSA.

Parents not ready to apply for federal student aid but who are seeking an estimate can use a free financial aid calculator, FAFSA4caster, which provides an early estimate of eligibility. It can be accessed at the website of Federal Student Aid, an office of the U.S. Department of Education.

Three benefits FAFSA4caster benefits

Plan ahead –
way ahead – if
you like

Get an early
estimate of financial
aid eligibility

Use immediately:
Even if you're not
ready to submit
your FAFSA form

Parents do not need to have high school seniors to use FAFSA4caster; in fact, the tool is recommended for juniors or even middle schoolers. Parents of younger students can use FAFSA4caster to receive early estimates, create scenarios based on future earnings, and then create college-funding strategies with their financial professionals. Adult students can also use the tool to get an idea of how much aid they may receive. Just keep in mind that FAFSA4caster is a planning tool – not an application for aid.

Paying for school involves many complex choices

Make things simpler with Scholars Choice

The thing to remember: It's not just an education savings plan, it's a plan for possibilities

As we've seen, when it comes to life and education choices, there are a gazillion possibilities, aren't there? Luckily, a 529 education savings plan, like Scholars Choice, can help you cover most of them!

Scholars Choice also offers an unmatched combination of expert 529 and investment management capabilities

The Scholars Choice Education Savings Plan (the "Plan") combines the capabilities of two world-class financial organizations, TIAA and Nuveen. TIAA⁸, a pioneer in the 529 industry since 1998, brings demonstrated experience in managing every aspect of a successful 529 program.

Nuveen, the investment manager of TIAA, offers capabilities that span public and private markets, over five decades of leadership in responsible investing and a 120-year history of helping clients meet their financial goals.



Scholars Choice at a glance

Here's a look at the many features and benefits you'll find with Scholars Choice.

FEATURES	BENEFITS
 <p>Tax-advantaged investing</p>	<ul style="list-style-type: none"> • Tax-deferred compounding of contributions and earnings • Tax-free withdrawals for qualified education expenses* • Tax-deductible contributions for Colorado taxpayers
 <p>Gifting and estate planning opportunities</p>	<ul style="list-style-type: none"> • Contributions (completed gifts) and investment gains removed from taxable estate • Gifting: Up to \$30,000 per beneficiary (filing joint) each year free from gift taxes • Accelerated gifting: Five years of tax-free gifts in a single year – up to \$150,000 per beneficiary from couples and \$75,000 from individuals**
 <p>Account owner control and flexibility</p>	<ul style="list-style-type: none"> • Account owner retains full control over assets • Ability to change beneficiaries or transfer unused assets to certain other family members • Covers any qualified expense at accredited schools throughout the U.S. and abroad, including vocational and trade schools*** • Minimal impact on financial aid eligibility when owned by parents • Assets within 529 plans may be protected from bankruptcy****
 <p>Ease of Use</p>	<ul style="list-style-type: none"> • No income limits on contributors • No age limits on beneficiaries or contributors • Affordable: Low, \$25 minimum contribution • High contribution limits – \$500,000 per beneficiary • Contributions can be made conveniently through payroll direct deposit or automatic transfers from a bank account

Pay-for-school possibilities: qualified expenses include...

- Apprenticeship programs³
- Books & supplies
- College undergrad and beyond
- Computers & related equipment
- K-12 tuition³
- Room & board
- Special needs
- Student loan payments³
- Thousands of qualified educational institutions all over the world
- Trade or vocation schools
- Tuition & fees

* Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. Colorado tax deductions may be subject to recapture in certain additional circumstances such as rollovers to another state's 529 plan, or withdrawals used to pay elementary or secondary school tuition ("K-12 Tuition Expenses"), registered apprenticeship program expenses ("Apprenticeship Program Expenses"), or qualified education loan repayments ("Qualified Education Loan Expenses") as described in the Plan Description. State tax benefits for non-resident Colorado taxpayers may vary. Tax and other benefits are contingent on meeting other requirements. Please consult your tax professional about your particular situation.

** No additional gifts can be made to the same beneficiary over a five-year period. If the donor does not survive the five years, a portion of the gift is returned to the taxable estate.

*** To search for accredited schools, visit <https://fafsa.ed.gov/spa/fsc/#/SEARCH>.

****The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 expressly excludes from an individual debtor's bankruptcy estate (and, therefore, will not be available for distribution to such individual's creditors), certain assets that have been contributed to a 529 Plan account. However, bankruptcy protection for 529 Plan assets is limited and has certain conditions. See the Plan Description for details.

How (and where) to do your homework:

Helpful pay-for-school internet resources

While your financial professional is one of your best how-to-pay resources, you'll also find a wealth of helpful tools online. Here's a list to get started:

College preparation/cost estimating

- collegeboard.org
- collegesavings.org
- collegeconfidential.com

Grants

studentaid.gov/understand-aid/types/grants
(also see the two websites listed under Scholarships)

Scholarships

- scholarships.com
- Private database of >3,700,000 scholarship opportunities
- careerinfonet.org/scholarshipsearch
- U.S. Department of Labor database of >8,000 scholarship opportunities

More for grants and scholarships

- | | |
|------------------|-----------------|
| - goingmerry.com | - petersons.com |
| - fastweb.com | - finaid.org |
| - cappex.com | - fastweb.com |

Work-study

studentaid.gov/understand-aid/types/work-study

Federal financial aid

- Direct Subsidized Loan
- Direct Unsubsidized Loan
- Direct Plus Loan: Student's Cost of Attendance (COA) minus any other financial aid (for parents of dependent undergraduate students and for graduate or professional students)
- Direct Consolidation Loan
 - advisors.com
 - fafsa.gov
 - fafsa.ed.gov/spa/fafsa4c
 - salliemae.com

Private student loans

Consult with your school's Financial Aid Office or your bank

529 college savings plans

- collegesavings.org
- collegesavingsfoundation.org
- savingforcollege.com
- collegeinvest.org

Put your plan-to-pay in action!

Learn more about Scholars Choice:

- **Ask:** Your financial professional!
- **Visit:** scholars-choice.com
- **Call:** 888.5.SCHOLAR (888.572.4652) (toll-free Monday through Friday 9:00 am to 10:00 pm ET)
- **Write:** Scholars Choice, P.O. Box 219372, Kansas City, MO 64121

Financial professionals: Account level questions, contact Scholars Choice service center at 888.572.4652. For sales and marketing questions, contact Nuveen at 800.752.8700, Monday to Friday, 8:00 am to 7:00 pm ET.

¹ Source: SallieMae “How America Pays For College” 2020

² Source: Visual Capitalist, <https://www.visualcapitalist.com/rising-cost-of-college-in-u-s/>

³ Not a qualified (tax-free) withdrawal in all states; check with your tax professional. Withdrawals for K-12 tuition expenses at a public, private or religious elementary, middle, or high school; registered apprenticeship programs; and student loan repayments can be withdrawn free from federal taxes, see the Plan Description for limitations. State tax treatment of withdrawals for these expenses is determined by the state where you file state income tax. For Colorado taxpayers, withdrawals for K-12 tuition expenses and student loan repayments will be treated as non-qualified withdrawals subject to Colorado state income tax and Colorado’s deduction recapture provisions. Colorado state tax treatment of withdrawals used for apprenticeship expenses has not yet been determined.

⁴ The earnings portion of any nonqualified withdrawal is subject to federal income taxes, applicable state income tax and an additional 10% federal tax penalty.

⁵ Source: IRS Form 709.

⁶ Custodial account managed for the benefit of a minor. The account is an irrevocable transfer of assets in a child’s name.

⁷ Total current balance of cash, savings and checking accounts; net worth of investments: including real estate, excluding the home in which parents and student live; net worth of parent and student current businesses and/or investment farms, excluding family farms or businesses with 100 or fewer full-time or full-time-equivalent employees. Net worth means current value minus debt. Source: www.FAFSA.gov.

⁸ TIAA-CREF Tuition Financing, Inc. (TFI) is the education savings division of TIAA.

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The Scholars Choice Education Savings Plan is offered by the State of Colorado. TIAA-CREF Tuition Financing, Inc. is the Plan Manager and Nuveen Securities, LLC is the Distributor.

There are various risks associated with an investment in the Scholars Choice Education Savings Plan; principal loss is possible. The Scholars Choice Education Savings Plan’s Investment Portfolios are subject to the risks of the underlying fund(s) in which they invest and other risks, as described in the Plan Description.

Before investing, carefully consider the investment objectives, risks, charges and expenses of the Scholars Choice Education Savings Plan, including whether the investor’s or Designated Beneficiary’s home state offers any state tax or other benefits that are only available for investment in such state’s qualified tuition program. Other state benefits may include financial aid, scholarship funds, and protection from creditors. For this and other information that should be read carefully, please request a Plan Description at 888-5-SCHOLAR (888-572-4652) or visit scholars-choice.com.

Participation in the Scholars Choice Education Savings Plan does not guarantee that the account’s assets will be adequate to cover future tuition or other higher education expenses, or that contributions and the investment return on contributions, if any, will be adequate to cover future tuition and other eligible education expenses or that a Designated Beneficiary will be admitted to or permitted to continue to attend any eligible educational institution. Contributions to an Account and the investment earnings, if any, are not guaranteed or insured.

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