









Get the ball  
rolling

# Agenda

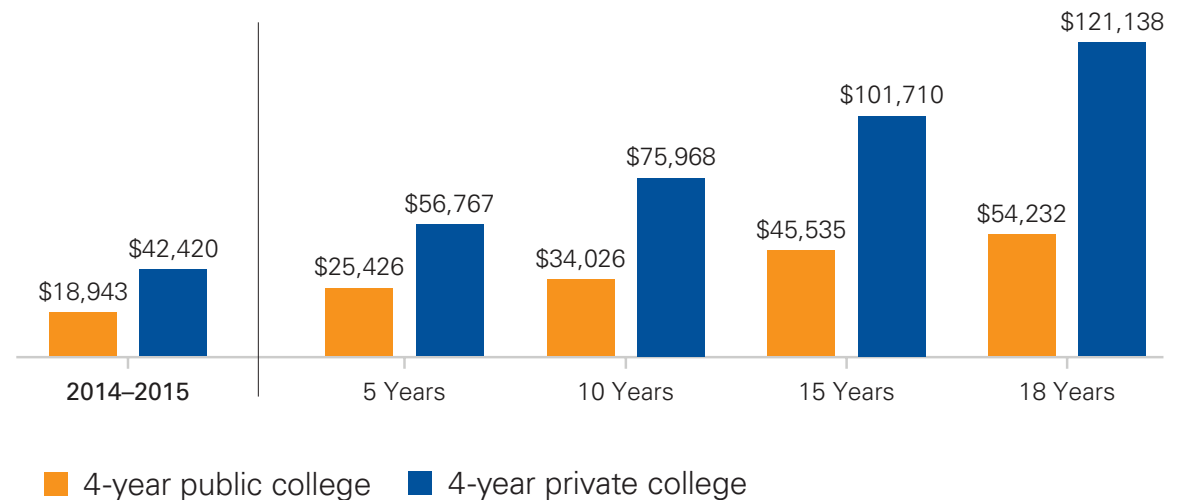
-  Cost of college and how families pay
-  529 college savings plans
-  MOST—Missouri's 529 College Savings Plan
-  Ugift<sup>®</sup> and Upromise<sup>®</sup>
-  Additional resources
-  Contact information

Cost of college  
and how  
families pay

# How much does college cost now?

- The costs of college tuition and other related expenses continue to increase.
- In 2014, the average cost of attending a 4-year public college for one year—including tuition, fees, and room and board—was about \$19,000.
- Assuming an average college-cost inflation rate of 6% per year, in 18 years that figure could be more than \$54,000.

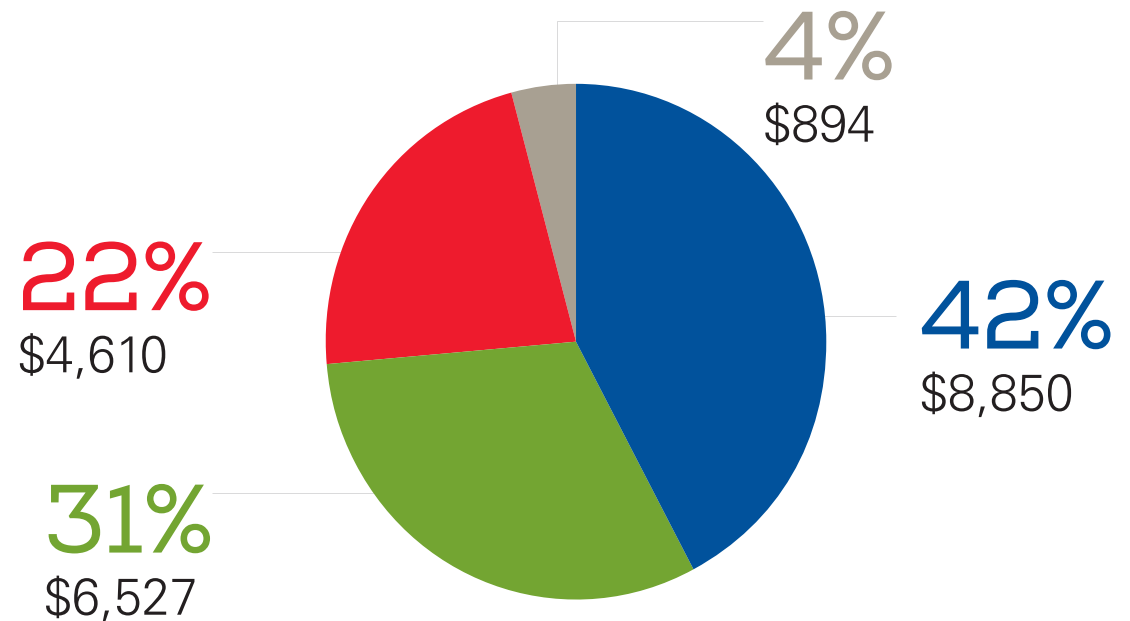
# And in the future?



Source: The College Board, "Trends in College Pricing 2014."

# How families paid for higher education in 2014

In 2014, parents and students paid about \$13,460 for college, either with savings and income or by borrowing.



- Student and parent income and savings
- Grants and scholarships
- Student and parent borrowing
- Relatives and friends

Percents are rounded.

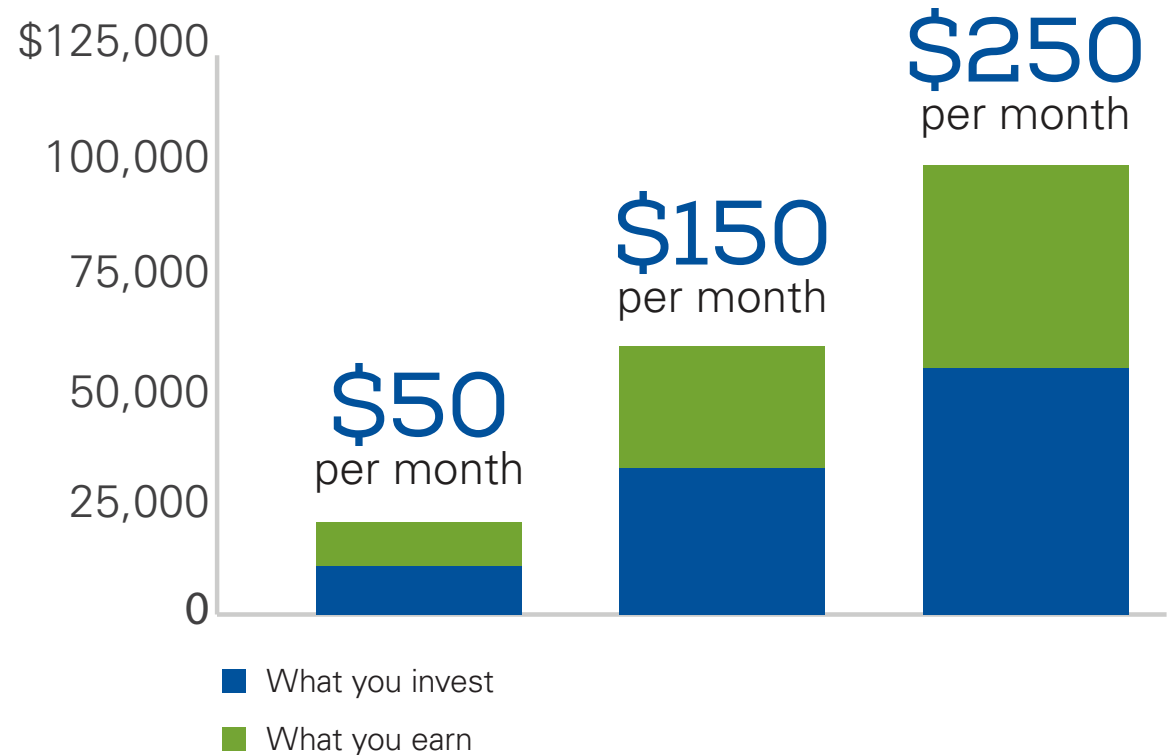
Source: Sallie Mae Bank, "How America Pays for College 2014."



# How saving *now* could cost much less *later*

If a family's goal is to pay \$100,000 toward four years of college for a child who will start college in 18 years, here are some things to consider:

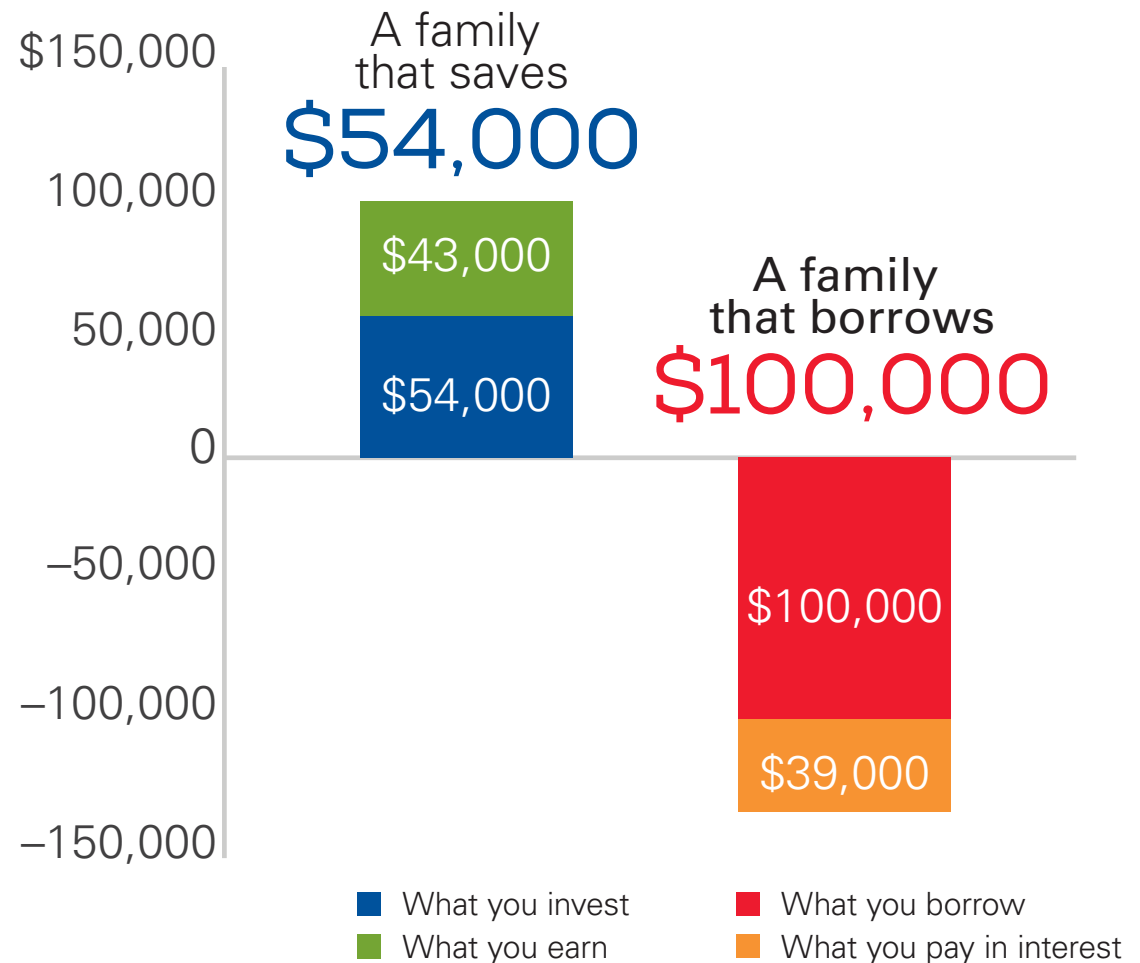
- They'll likely need to save at least \$250 a month for 18 years.
- Their investment earnings could take care of the rest.
- They should save whatever they can, even if it's less than the \$250 per month.
- Any amount they save is that much less they'll need to borrow (and repay).



This hypothetical illustration assumes monthly contributions for a period of 18 years and a 6% annual return. It also doesn't represent any particular investment nor does it account for inflation or any taxes or fees payable/due upon distribution. There may be other material differences between investment products that must be considered prior to investing. Figures have been rounded.

# Save ... or borrow?

- Saving now will generally cost much less than borrowing later.
- A family that borrows \$100,000 could end up paying off almost \$140,000.
- A family that saves will need to set aside less than \$55,000 to pay for the same amount of school.



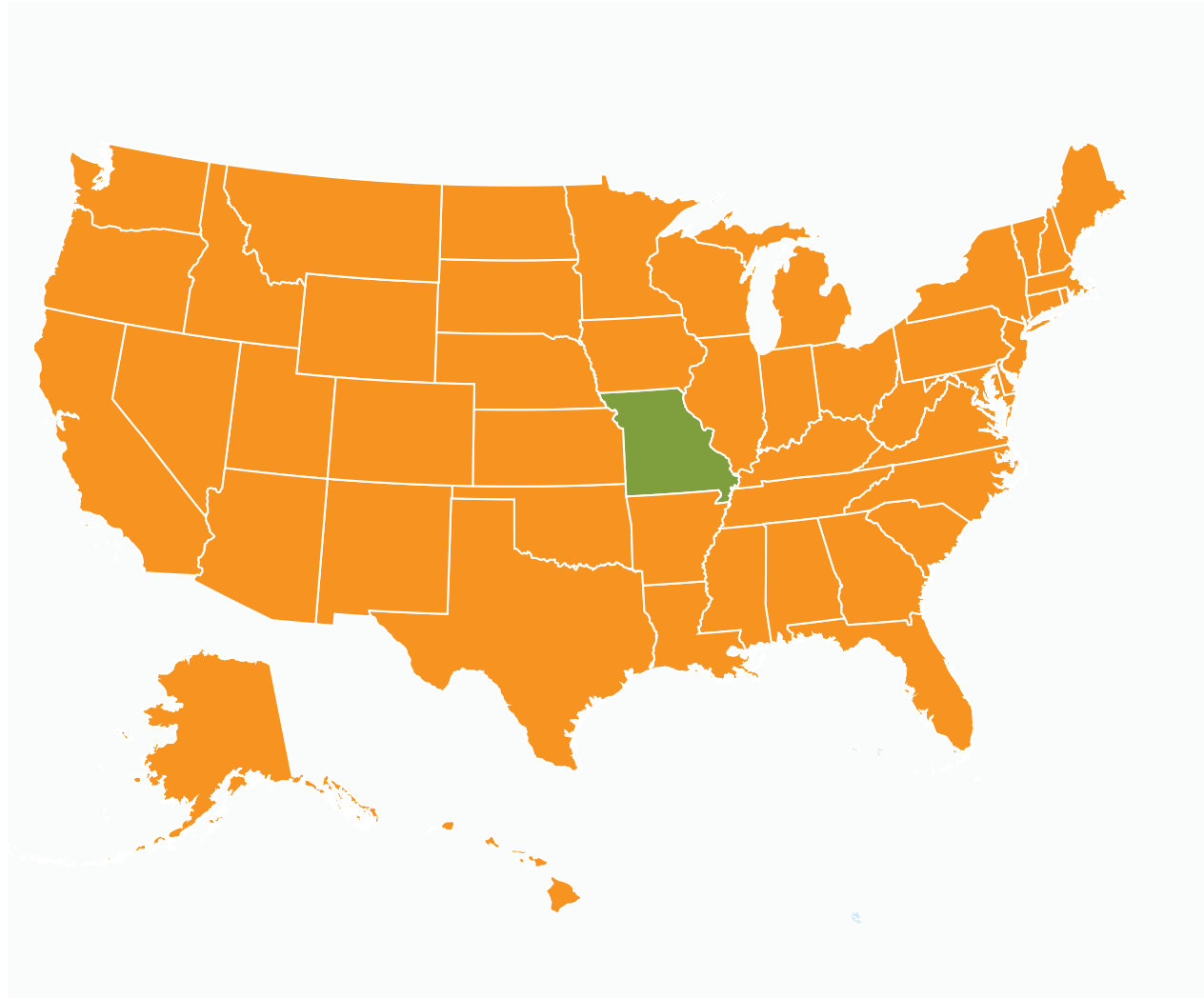
The borrowing example assumes a 7% annual interest rate with a 10-year repayment. The saving example assumes monthly contributions of \$250 for 18 years and a 6% annual return. It doesn't represent any particular investment nor does it account for inflation or any taxes or fees payable/due upon distribution. Figures have been rounded.

529 college  
savings plans



# Saving with a 529 plan

- Type of investment plan named after Section 529 of the Internal Revenue Code.
- Provides federal and state tax incentives for account owners.\*
- Usually sponsored by individual states.
- Investors can generally enroll in any state's plan, no matter where they live or where their child goes to school.



\*The availability of tax and other benefits may be contingent on meeting other requirements.

# How a 529 plan account affects financial aid

- Plan assets generally treated as the account owner's, not the beneficiary's.
- Minor impact on student's financial aid eligibility; no more than 5.64% of 529 savings.
- If account owner is a dependent student, 529 assets are considered as the parent's.\*

## Hope Scholarship and Lifetime Learning credit eligibility

- Not affected by qualified withdrawals as long as the withdrawals aren't used for the same expenses for which the credit was claimed.

\*For complete and current information about financial aid eligibility, consult with a financial aid professional and/or the state or educational institution offering a particular financial aid program.

# MOST–Missouri's 529 College Savings Plan

# A strategic partnership for Missouri

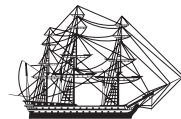


MOST—Missouri's 529 College Savings Plan

- Sponsored by Missouri State Treasurer Clint Zweifel.
- Managed by Ascensus Broker Dealer Services, Inc.
- Investment management by Vanguard and Dimensional Fund Advisors (DFA).



**CLINT ZWEIFEL**  
MISSOURI STATE TREASURER



**Vanguard®**



# What can account owners do with a MOST account?

- Save for higher education for anybody, even themselves.
- Change the designated beneficiary named on the account to another eligible beneficiary.
- Use the money at a variety of eligible schools.
- Stay in control of their savings.
- Accept contributions from anyone—parent, grandparent, or friend.
- Contribute up to \$325,000 per beneficiary.

Use the money  
at a **variety**  
of eligible schools

# Tax advantages of the MOST 529 Plan

With a MOST 529 Plan, account owners:

- Pay no federal or state income taxes on earnings.
- Pay no federal or state income taxes—ever!—if they use the money for qualified higher-education expenses.\*
- Can deduct up to \$8,000 (\$16,000 if married filing jointly) a year in contributions on their Missouri state tax return.\*\*
- Can invest up to \$70,000 (\$140,000 if married and electing to split gifts) in a single year without triggering the federal gift tax, provided no more gifts are made to the beneficiary for five years.\*\*\*

**Note:** For specific questions regarding taxes, consult a qualified tax advisor. The federal, state, and local tax rules are complex, and how they affect individual situations can vary, so we can't provide individual tax advice.

deduct up to  
**\$8,000**

invest up to  
**\$70,000**

\*Earnings on nonqualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

\*\*Contributions to the plan in a tax year are deductible from Missouri state income tax up to certain levels but may be subject to recapture in subsequent years if you make nonqualified withdrawals.

\*\*\*If the donor doesn't survive the five-year period, a prorated amount will revert to the donor's taxable estate.



# It's easy to get started

Opening an account takes just a few minutes. A prospective account owner needs:

- No minimum contribution.
- His or her bank routing and account numbers.
- The birth date and Social Security number of the beneficiary.

Go to [missouricollegesavings.com](http://missouricollegesavings.com) to get started.

**MOST**  
MISSOURI'S 529 COLLEGE SAVINGS PLAN

Home Tools & resources FAQs Forms Log in **Open an account**

What are the basics of 529s? Why choose MOST 529? Which investments should I choose? How do I get started?

**Commitment**  
goes a long way

➔ Make your savings go further with tax benefits\*

**New investors**  
Learn more about 529s  
Learn more about the MOST 529 Plan  
FAQs

**Existing account owners**  
ACCOUNT LOG IN  
 **Log in**  
☐ Remember my username  
Forgot username?  
Don't have a password?  
Register for online access  
How to make withdrawals

**Employers & other professionals**  
Information for employers  
Information for community leaders  
Advisor online access

**News & events**  
Sweepstakes winners  
Seminars and events  
All other news

PLAN SPONSOR  
**CLINT ZWEIFEL**  
MISSOURI STATE TREASURER

PROGRAM MANAGER  
**ascensus**

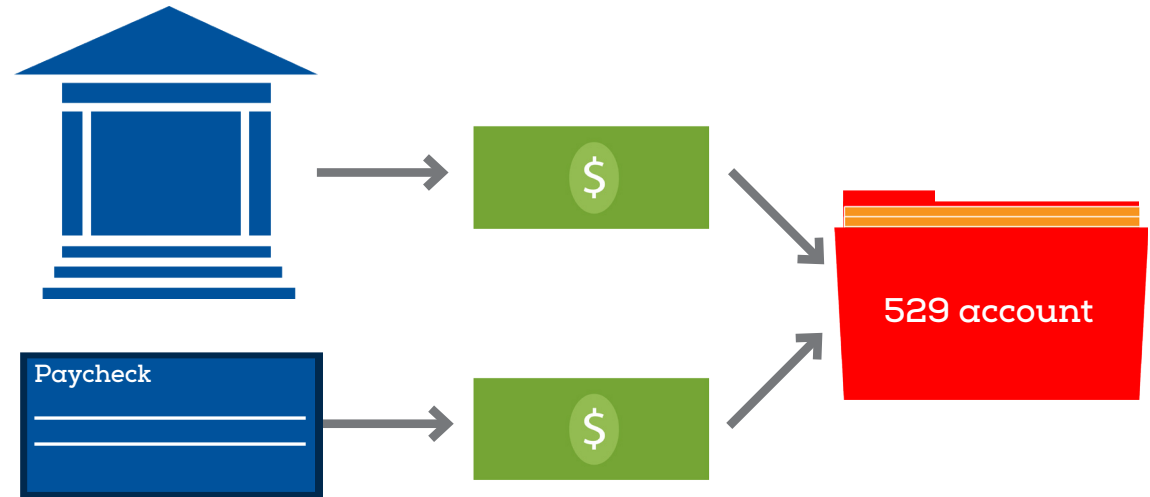
INVESTMENT MANAGER  
**Vanguard**

CONNECT WITH US  
f t YouTube



# Automatic investing makes saving easier

- Transfer money from a bank account to a MOST 529 Plan account on a regular basis.
- Have 529 contributions deducted from a paycheck and transferred to a MOST account.



A plan of regular investment cannot assure a profit or protect against a loss.

# Payroll deductions made simple

- No minimum contribution.
- Submit a signed Payroll Direct Deposit Form to the payroll department.
- The payroll department will transmit the contribution by electronic transfer or by check.

No minimum  
**contribution**

# Qualified versus nonqualified withdrawals

## Qualified withdrawals

- Earnings are free from federal and Missouri state taxes.\*
- Used to pay qualified higher-education expenses, such as:
  - Tuition
  - Fees
  - Certain room and board
  - Required books and supplies
  - Computers or peripheral equipment (e.g., printers)
- Used to pay expenses for eligible postsecondary institutions in the U.S. or abroad, including:
  - Public and private colleges and universities
  - 2- and 4-year programs
  - Graduate schools
  - Vocational schools
  - Trade schools

**Note:** Withdrawals due to death, disability, or scholarship are subject to federal income tax on the earnings, but aren't subject to the 10% federal penalty tax.

## Nonqualified withdrawals\*

- Not free from federal and Missouri state taxes.
- Not used for qualified higher-education expenses.

\*Earnings on nonqualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

# MOST 529 Plan tax considerations for nonqualified withdrawals

## Federal tax

- Nonqualified withdrawals are subject to federal and state income tax on earnings, plus a 10% federal penalty tax on earnings.
- Withdrawals due to beneficiary's death, disability, or receipt of scholarship are subject to federal income tax on earnings but not the 10% federal penalty tax.

## State tax

- If a Missouri state tax deduction was previously claimed for any portion of the contributions, that portion will be subject to Missouri state income tax.



# How to make a withdrawal

It's easy to make withdrawals from a MOST 529 Plan account using one of these methods:

- Log on to the account at [missouricollegesavings.com](http://missouricollegesavings.com), select **Asset Management** and then **Make a Withdrawal**.
- Call **800-868-3585** to speak to a college savings specialist.
- Complete a Withdrawal Request Form.

All qualified withdrawals requested online or by phone may be sent by:

- Check to the account owner, the student beneficiary, or the school.
- Electronic transfer, if bank instructions are established on the account.

**Note:** Some schools now require a student ID on withdrawal checks. If you request a withdrawal online, include the student ID in the "Memo" field. If you mail your request, include the student ID in Section 3 of the Withdrawal Request Form.

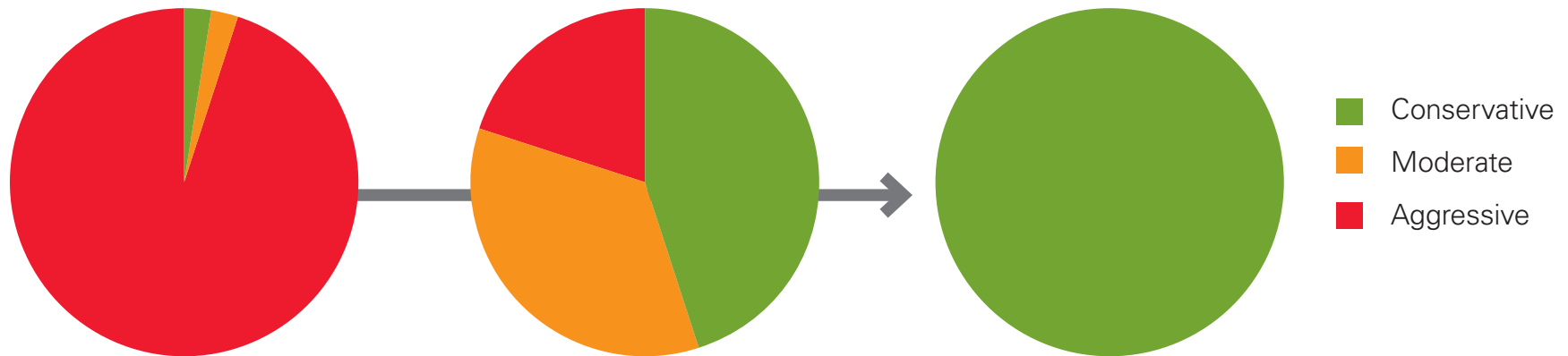
# Choosing MOST 529 Plan investments

- Choose from 3 age-based options or put together a customized mix from the plan's individual portfolios.
- The plan's investment options are professionally managed by Vanguard and DFA.

The screenshot shows the 'enrollment' page for the MOST 529 Plan. At the top left is the MOST logo with the text 'MISSOURI'S 529 COLLEGE SAVINGS PLAN' below it. At the top right is the word 'enrollment' in blue. Below the logo is a contact number: 'Contact us at 1-800-890-8498'. The main content area is titled 'choose investments' with a blue circular icon containing a white 'i'. Below this title is a section titled 'Choose how you'd like your money to be invested from the options below'. It includes instructions: 'Click on an icon for information about each investment. You may select up to five investments. You must allocate at least 5% to each investment (to total 100%). Use whole percentages only.' There are two radio button options: 'Age-Based Options' and 'Individual Portfolios'. The 'Age-Based Options' description states: 'Each option invests in a series of individual portfolios. The assets in an age-based option will be automatically exchanged from one portfolio to another as the beneficiary ages.' The 'Individual Portfolios' description states: 'The individual portfolios do not change asset allocations as the beneficiary ages. Instead, the asset allocation of each portfolio remains fixed over time.' At the bottom of the main content area are two buttons: 'back' and 'next'. On the left side of the page, there is a 'Steps' section with a list of six steps: 1. about you, 2. about your beneficiary, 3. choose investments (highlighted), 4. pick a funding method, 5. select a delivery option, and 6. complete your account. Below the steps is a 'tips' section with an information icon and the text: 'How you invest can depend on several factors: How many years does your beneficiary have before college? Are you a hands-on investor or do you prefer a one-stop portfolio? Do you believe in taking some risk or are you a conservative investor? If you need help choosing an investment, [click here](#)'.

# Age-based options

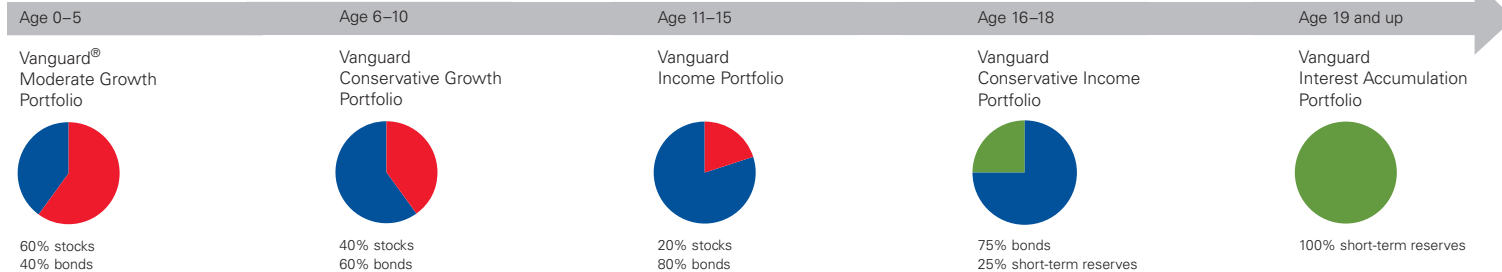
- Pick one of the age-based options—Conservative, Moderate, or Aggressive—based on your comfort with risk.
- As the beneficiary approaches college age, the account's investments shift automatically to a more conservative portfolio.



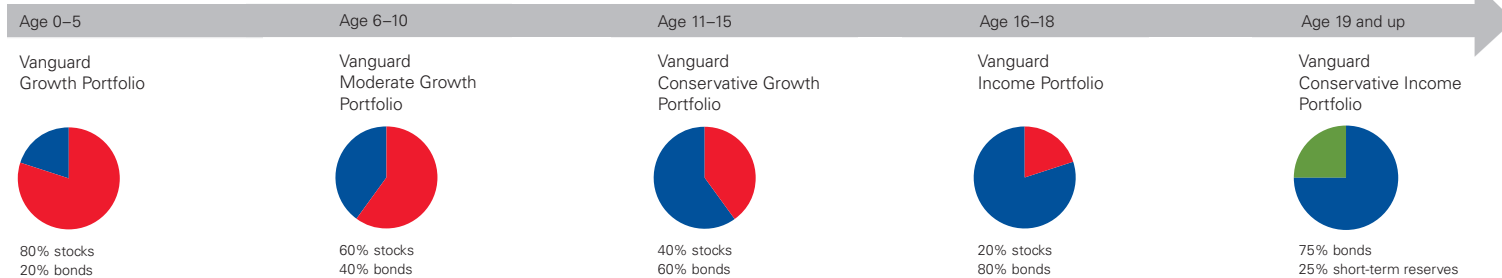


# Age-based options

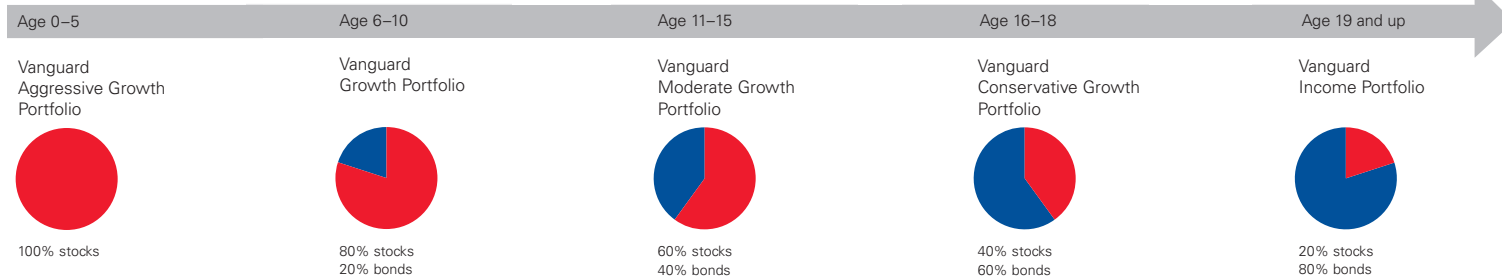
## Conservative option



## Moderate option

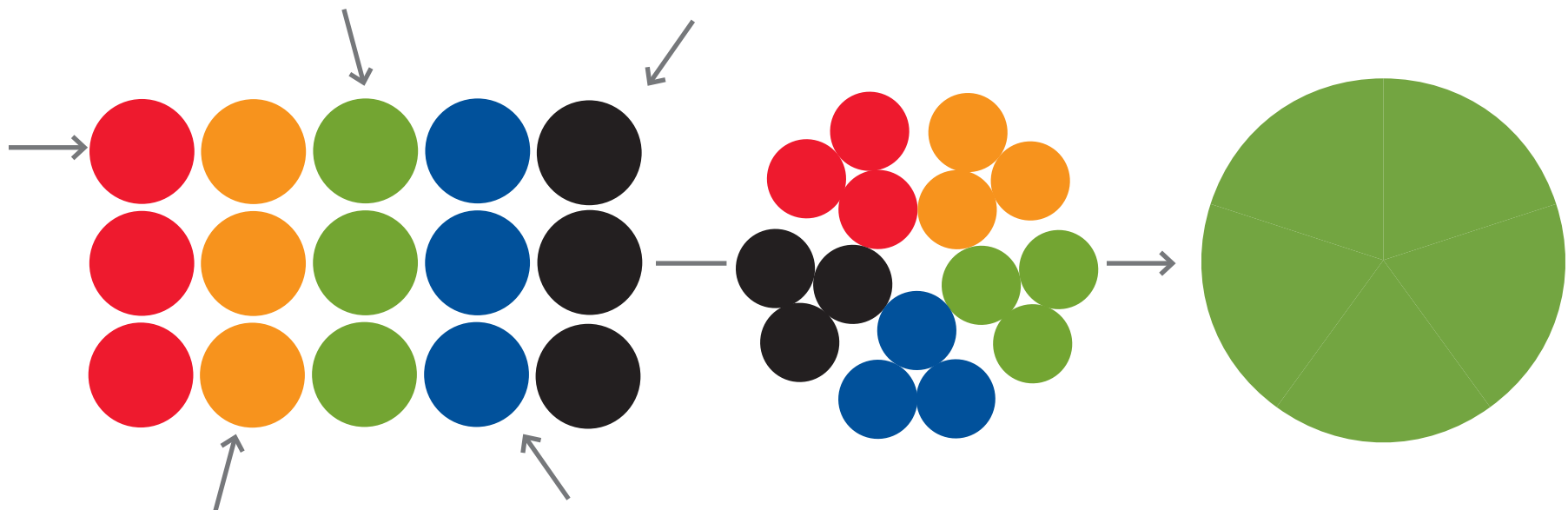


## Aggressive option



# Individual portfolios

- Have more control over your investment strategy.
- Choose up to 5 selections from our lineup of 16 individual portfolios.
- Manage your customized mix over time.



# Individual portfolios



## ● Stock portfolios

For investors seeking to build a portfolio that includes stocks. You can allocate your money among any or all of these portfolios, or use one or more of these portfolios to supplement an age-based option or a portfolio concentrated in other types of investments.

| Investment option                                  | Expense ratio* | Investment objective  | Underlying investments  |
|--|----------------|---|---|
| Vanguard Aggressive Growth Portfolio               | 0.23%          | Seeks to provide capital appreciation.  | Vanguard Institutional Total Stock Market Index Fund (60%)<br>Vanguard Total International Stock Index Fund (40%) |
| Vanguard Total Stock Market Index Portfolio        | 0.23%          | Seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.  | Vanguard Institutional Total Stock Market Index Fund (100%)   |
| Vanguard Total International Stock Index Portfolio | 0.28%          | Seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States. | Vanguard Total International Stock Index Fund (100%)  |
| DFA U.S. Large Cap Value Portfolio                 | 0.47%          | Seeks to achieve long-term capital appreciation.  | DFA U.S. Large Cap Value Portfolio (100%)   |
| DFA U.S. Small Cap Portfolio                       | 0.57%          | Seeks to achieve long-term capital appreciation.  | DFA U.S. Small Cap Portfolio (100%)   |
| DFA International Core Equity Portfolio            | 0.58%          | Seeks to achieve long-term capital appreciation.  | DFA International Core Equity Portfolio (100%)  |
| DFA U.S. Core Equity 1 Portfolio                   | 0.39%          | Seeks to achieve long-term capital appreciation.  | DFA U.S. Core Equity 1 Portfolio (100%)   |

\*Expense ratios for the portfolios as of April 8, 2016; include underlying fund expenses.

# Individual portfolios

## ● Balanced portfolios

For investors seeking a diversified portfolio consisting of stocks and bonds or who prefer a different allocation than the automatically selected age-based options allow.

| Investment option                      | Expense ratio* | Investment objective  | Underlying investments  |
|--|----------------|---|---|
| Vanguard Growth Portfolio              | 0.23%          | Seeks to provide capital appreciation and low to moderate current income. | Vanguard Institutional Total Stock Market Index Fund (48%)<br>Vanguard Total International Stock Index Fund (32%)<br>Vanguard Total Bond Market II Index Fund (14%)<br>Vanguard Total International Bond Index Fund (6%)  |
| Vanguard Moderate Growth Portfolio     | 0.23%          | Seeks to provide capital appreciation and current income.                 | Vanguard Institutional Total Stock Market Index Fund (36%)<br>Vanguard Total Bond Market II Index Fund (28%)<br>Vanguard Total International Stock Index Fund (24%)<br>Vanguard Total International Bond Index Fund (12%) |
| Vanguard Conservative Growth Portfolio | 0.23%          | Seeks to provide current income and low to moderate capital appreciation. | Vanguard Total Bond Market II Index Fund (42%)<br>Vanguard Institutional Total Stock Market Index Fund (24%)<br>Vanguard Total International Bond Index Fund (18%)<br>Vanguard Total International Stock Index Fund (16%) |
| Vanguard Income Portfolio              | 0.23%          | Seeks to provide current income.  | Vanguard Total Bond Market II Index Fund (56%)<br>Vanguard Total International Bond Index Fund (24%)<br>Vanguard Institutional Total Stock Market Index Fund (12%)<br>Vanguard Total International Stock Index Fund (8%)  |

\*Expense ratios for the portfolios as of April 8, 2016; include underlying fund expenses.

Investments in bond funds are subject to interest rate, credit, and inflation risk. Foreign investing involves additional risks including currency fluctuations and political uncertainty.

# Individual portfolios

## ● ● Bond and short-term investment portfolios

For more conservative investors or those seeking to preserve capital.

| Investment option                                 | Expense ratio* | Investment objective   | Underlying investments  |
|---|----------------|--|---|
| Vanguard Total Bond Market Index Portfolio        | 0.23%          | Seeks to track the performance of a broad, market-weighted bond index.   | Vanguard Total Bond Market II Index Fund (100%)   |
| Vanguard Total International Bond Index Portfolio | 0.31%          | Seeks to track the performance of a benchmark index that measures the investment return of non-U.S. dollar-denominated investment-grade bonds. | Vanguard Total International Bond Index Fund (100%)   |
| Vanguard Conservative Income Portfolio            | 0.23%          | Seeks to provide current income.   | Vanguard Total Bond Market II Index Fund (34.5%)<br>Vanguard Short-Term Reserves Account (25%)<br>Vanguard Total International Bond Index Fund (22.5%)<br>Vanguard Short-Term Inflation-Protected Securities Index Fund (18%) |
| Vanguard Interest Accumulation Portfolio          | 0.23%          | Seeks income consistent with the preservation of principal.  | Vanguard Short-Term Reserves Account (100%)   |
| DFA Two-Year Global Fixed Income Portfolio        | 0.37%          | Seeks to maximize total returns consistent with preservation of capital.   | DFA Two-Year Global Fixed Income Portfolio (100%)   |

\*Expense ratios for the portfolios as of April 8, 2016; include underlying fund expenses.

Vanguard Conservative Income Portfolio and Vanguard Interest Accumulation Portfolio both invest in Vanguard Short-Term Reserves Account which, in turn, invests in Vanguard Federal Money Market Fund. Vanguard Short-Term Reserves Account's investment in Vanguard Federal Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of the investment at \$1 per share, it is possible that Vanguard Short-Term Reserves Account may lose money by investing in the fund.

Investments in bond funds are subject to interest rate, credit, and inflation risk. Foreign investing involves additional risks including currency fluctuations and political uncertainty.

# Ugift and Upromise

# Give the gift of higher education

## How it works

- Invite family and friends to celebrate a child's milestones—birthdays, holidays, religious occasions, and graduations—by contributing to their MOST 529 Plan account.\*
- Have invitations sent by email or print coded gift coupons to send by regular mail.
- Request a unique code that family and friends can use at any time to make contributions at **ugift529.com**.
- Track online contributions.
- Contributors who include an email address receive an electronic thank-you note.

## How to sign up

- Log on to your account at **missouricollegesavings.com**.
- Select the Ugift logo.
- Fill in your celebration details and create your invitee list.



\*Minimum contribution is \$25.



# Use Upromise to add to a MOST 529 Plan account

## How it works

- Earn cash back when you make purchases through hundreds of participating businesses such as gas stations, grocery stores, restaurants, online retailers, and travel providers.
- You can link your Upromise account to your MOST 529 Plan account.
- If your accounts are linked, money in your Upromise account will be automatically transferred each quarter to your MOST account.



## How to sign up

- Go to [upromise.com/Missouri](https://upromise.com/Missouri) and enroll.
- Link your new Upromise account to your MOST account.

Upromise is an optional service offered by Upromise, Inc., is separate from MOST 529, and is not affiliated with the State of Missouri. Terms and conditions apply to the Upromise service. Participating companies, contribution levels, and terms and conditions are subject to change at any time without notice. Transfers from Upromise to a MOST 529 account are subject to a \$25 minimum.



Additional  
resources

# Learn more about saving for college

[finaid.org](http://finaid.org)

[collegesavings.org](http://collegesavings.org)

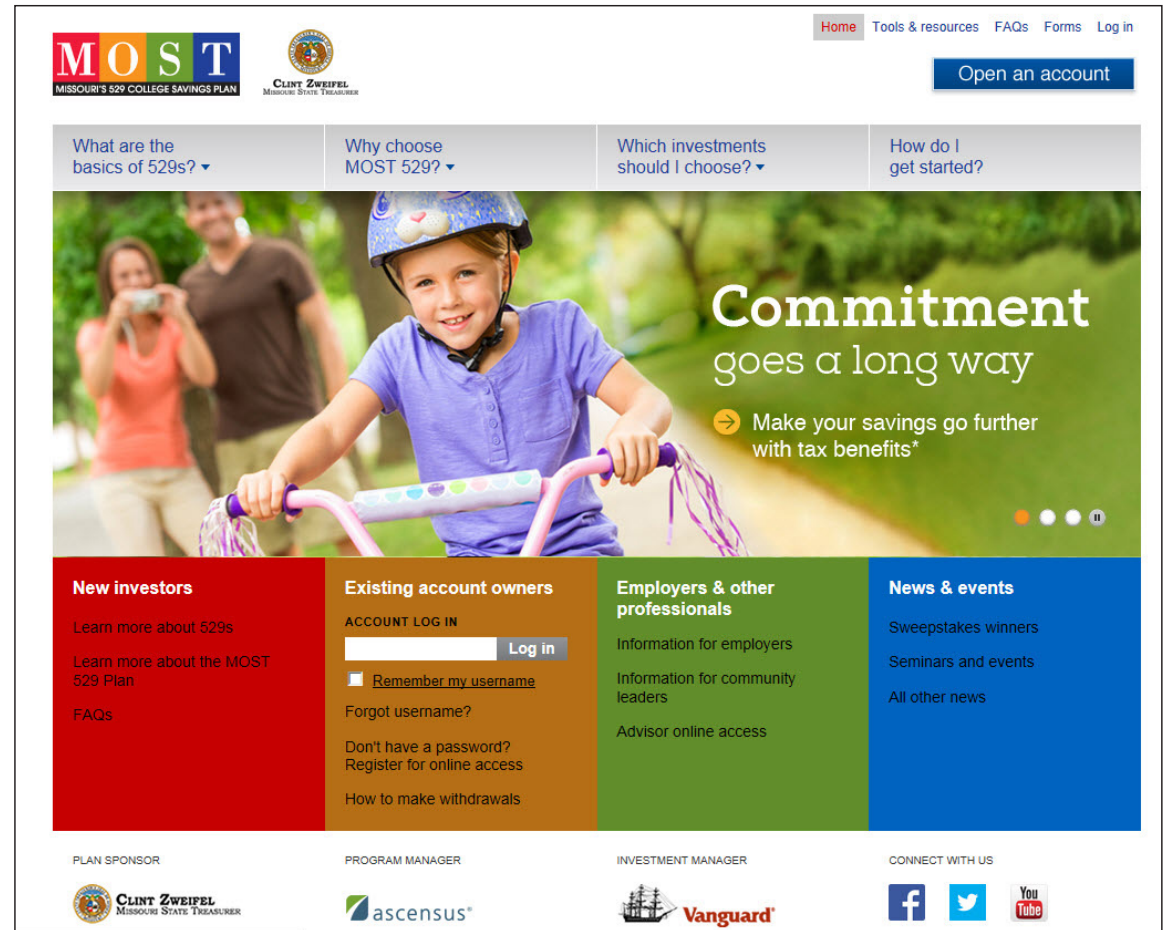
[collegeboard.org](http://collegeboard.org)

[savingforcollege.com](http://savingforcollege.com)

# Visit missouricollegesavings.com

On our website you can:

- Open, contribute to, and manage a MOST 529 account.
- Access detailed information about the MOST 529 Plan.
- Read articles on financial topics.
- Get answers to frequently asked questions.
- Download account forms.



# Connect with MOST and other college savers

 [facebook.com/most529](https://facebook.com/most529)

 [twitter.com/most529](https://twitter.com/most529)

 [youtube.com/most529](https://youtube.com/most529)

# Contact information

# Contact us

Janet Kottman

816-868-6277

Most529team@ascensus.com

Angela Williams

314-601-2112

Most529team@ascensus.com

Go to **[missouricollegesavings.com](http://missouricollegesavings.com)** for more information, or call **800-868-3585** to speak with a college savings specialist at Vanguard, the investment manager for the MOST 529 Plan.





# Disclosures

For more information about MOST—Missouri's 529 College Savings Plan, download a Program Description, Privacy Policy, and Participation Agreement or request one by calling 888-414-MOST. Investment objectives, risks, charges, expenses, and other important information are included in this document; read and consider it carefully before investing. Vanguard Marketing Corporation, Distributor and Underwriter. If you are not a Missouri taxpayer, consider before investing whether your or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program.

The Missouri Higher Education Savings Program (the "Program Trust") is a trust created by the State of Missouri. When you invest in MOST—Missouri's 529 College Savings Plan (the "Plan"), you are purchasing portfolio units issued by the Program Trust. Portfolio units are municipal securities. The Plan has been implemented and is administered by the Missouri Higher Education Savings Program Board (the "Board"). Ascensus College Savings Recordkeeping Services, LLC ("ACSR"), serves as the Program Manager. ACSR and its affiliates have overall responsibility for the day-to-day operations of the Plan, including recordkeeping and administrative services. The Vanguard Group, Inc., serves as Investment Manager for the Plan. Vanguard Marketing Corporation, an affiliate of The Vanguard Group, Inc., markets and distributes the Plan. The Plan's portfolios, although they invest in mutual funds, are not mutual funds.

Investment returns are not guaranteed, and you could lose money by investing in the Plan. Participants assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state tax consequences.

Ugift and the Ugift logo are registered service marks of Ascensus Broker Dealer Services, Inc.

Upromise and the Upromise logo are registered service marks of Upromise, Inc.

Vanguard and the ship logo are trademarks of The Vanguard Group, Inc.

Dimensional and the Dimensional logo are registered trademarks of Dimensional Fund Advisors LP.