

**MARYLAND**

# College Investment Plan

*Maryland***529**

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Information Session

# Basics Overview

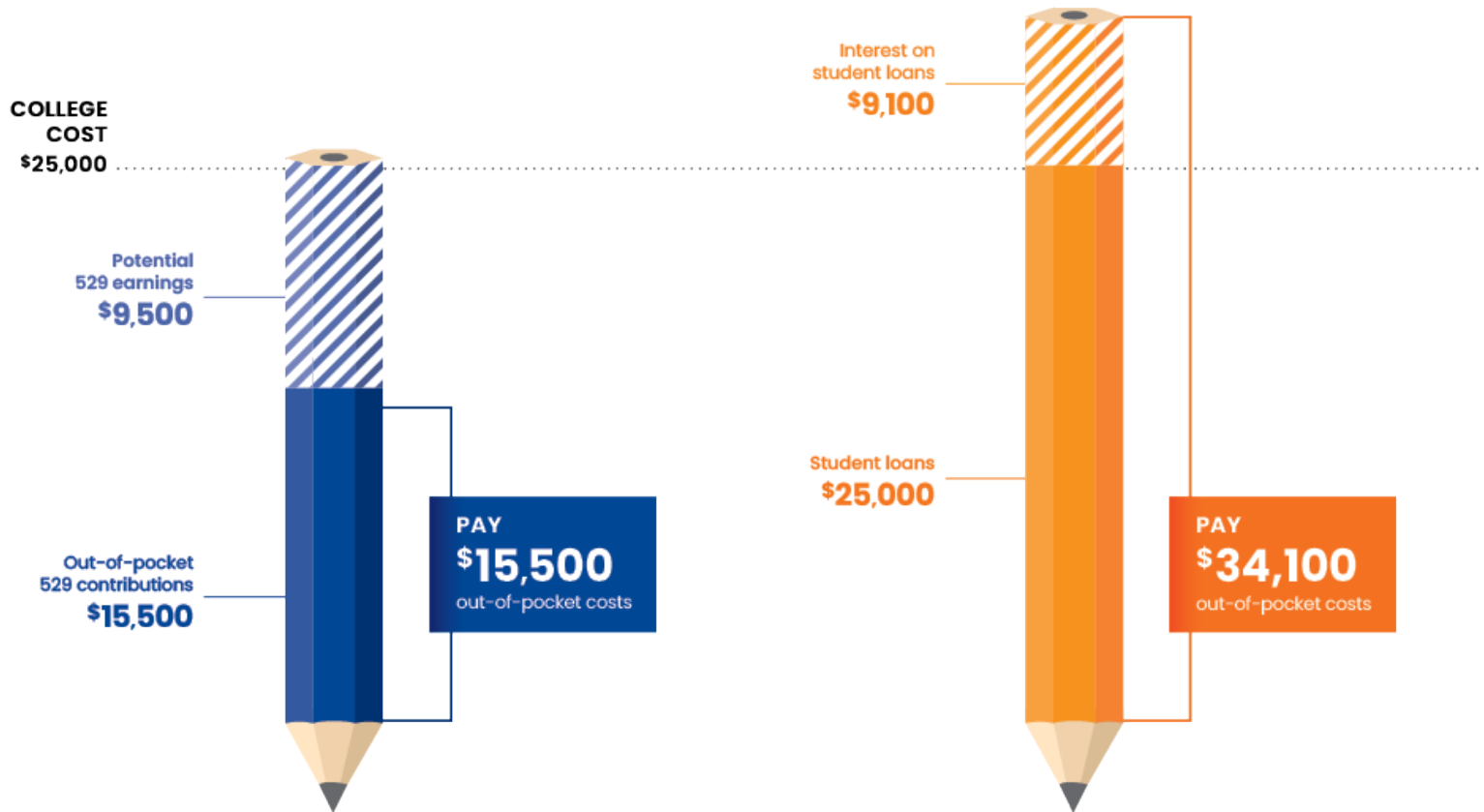


## What is a 529 Plan?

A 529 plan is a tax-advantaged savings plan designed to allow families to save for education expenses. 529 plans are named after Section 529 of the Internal Revenue Code which created these plans.



# Why Save for College?



*This chart is for illustrative purposes only and does not project or predict the return of any specific investment option. Returns in a college savings plan will vary and may be higher or lower than the 6% assumed in this example. Making recurring contributions does not assure a profit or protect against loss in a declining market. This example does not consider any investment or loan origination fees. Amounts are rounded. The loan interest rate of 6.53% is based on a Federal direct undergraduate loan disbursed in August 2024. Other loan arrangements could have different rates or terms.*

# What is Maryland 529?

# Maryland 529 Overview

The Maryland 529 College Savings Program consists of three savings plans — the Maryland Senator Edward J. Kasemeyer College Investment Plan, the Maryland ABLE plan, and the Maryland Senator Edward J. Kasemeyer Prepaid College Trust. The Prepaid College Trust is closed to new enrollments. All three programs are administered by the Maryland State Treasurer.

## The Maryland 529 Plans

- Offers Maryland state and federal tax incentives:
  - Any investment growth is tax-deferred at the state and federal level.
  - Any earnings are Maryland and federally tax-free\* when funds are used for qualified education or disability-related expenses.
  - A unique Maryland State income subtraction for Maryland taxpayers.

*\*There may be tax implications for Maryland taxpayers that take a distribution for the education loan of a sibling of the Beneficiary. Check with your tax professional.*

# Why Choose the Maryland College Investment Plan?



# Maryland College Investment Plan

## (COLLEGE INVESTMENT PLAN)

- Freedom to choose how you want to invest, how much and how often.
- Managed by T. Rowe Price, an investment management firm with more than 80 years of experience.
- Open an account for as little as \$25.
- Variety of investment options.
- No loads, sales charges, commissions, enrollment fees, or annual account fees.
- Received Morningstar's Silver rating<sup>1</sup>.
- Direct deposit from your bank account or payroll deduction (if offered by employer).

<sup>1</sup> See last page

Helping families  
save for their  
children's  
education  
for over

20  
YEARS





## Anyone Can Be a Saver

Anyone can open a College Investment Plan for a child in their life. There are no age or residency restrictions.

- Parents
- Grandparents
- Aunts/Uncles
- Family Friend



✦ You can even use it to save for your own education.

# Save Here, Go Anywhere

## Ways to Use the Funds

- 4-year Colleges and Universities (In-State or Out-of-State)
- 2-year Community Colleges
- Trade or Technical Schools
- Certified Apprenticeship Programs - fees, books, supplies, and equipment.
- Elementary or Secondary\* public, private, or religious school.
  - Limited to \$10,000 per year, per beneficiary for tuition.
- Any qualified education expense of the beneficiary, outlined by the IRS Publication 970 which generally includes tuition, room & board, fees, books and supplies.

*\*While distributions from 529 college savings plans for elementary or secondary education tuition expenses are federally tax-free, state tax treatment will vary and could include state income taxes assessed, the recapture of previously subtracted amounts from state taxes, and/or state-level penalties. You should consult with a tax or legal professional for additional information.*

# College Investment Plan

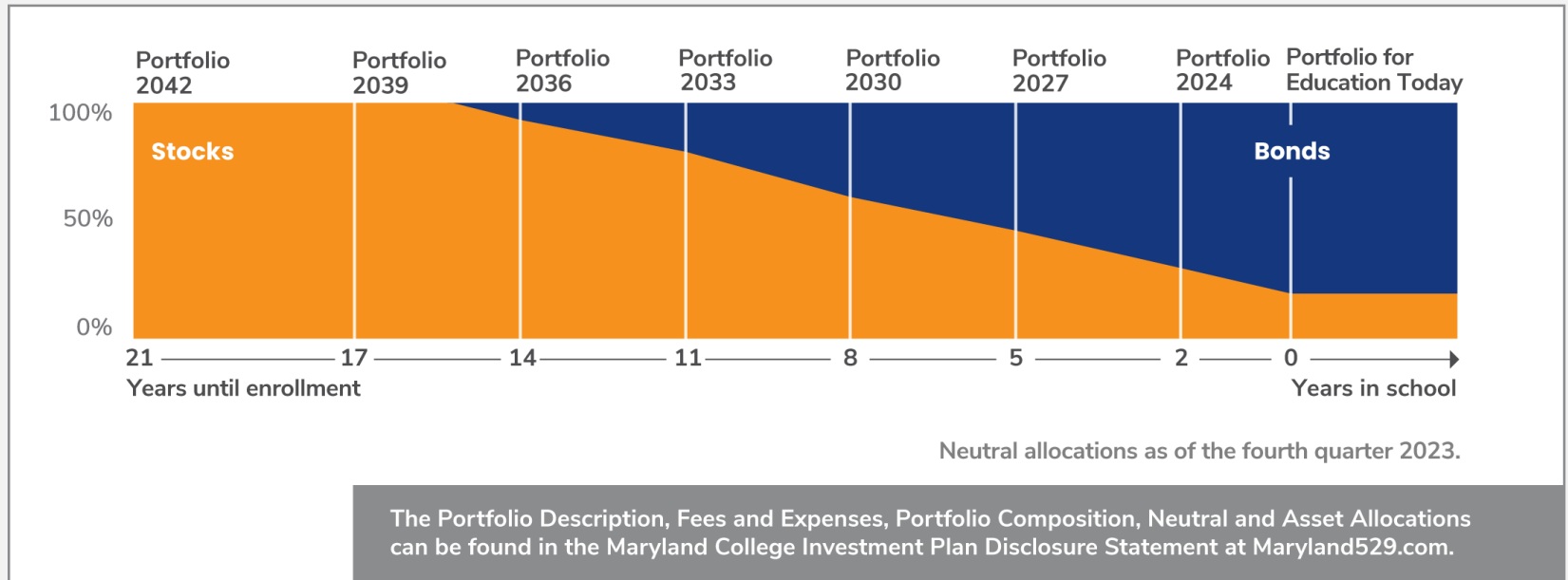
## Offers various investment options:

- **Enrollment-Based Portfolio Solutions** – Automatically become more conservative as the target college year is approached.
- **Fixed Portfolios** – Asset allocations do not adjust over time like the Enrollment-Based Portfolio Solutions. These portfolios generally invest in certain broad asset classes of stock, bond, and/or money market funds or a combination of these asset classes.

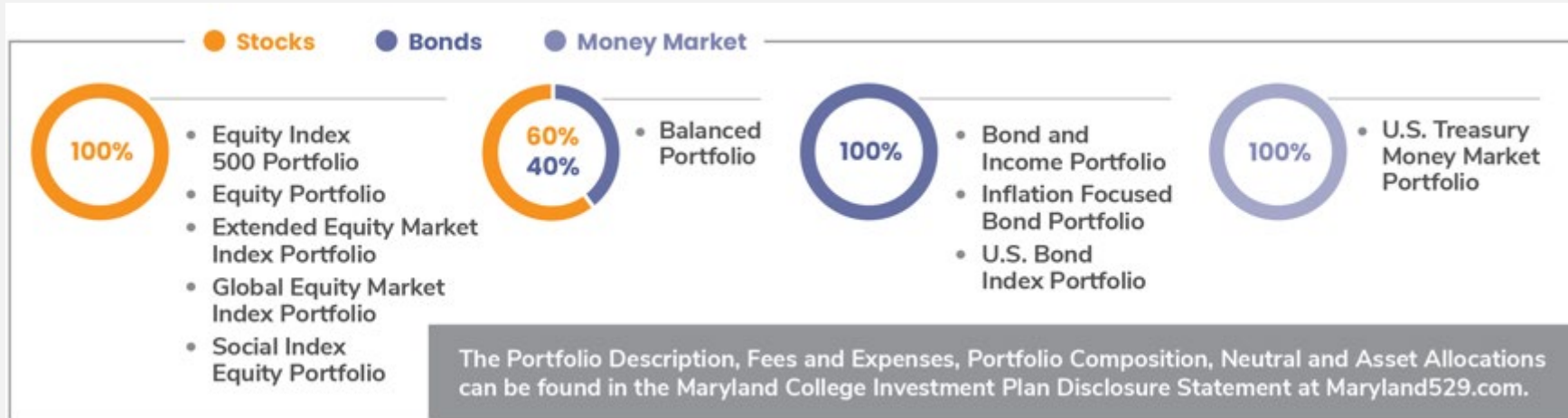
## Choose to invest in one or both investment options:

- In a 529 plan, you are permitted to move assets from one portfolio to another twice per calendar year.
- Allocation percentages for future investments may be changed at any time.

# Enrollment Year Managed Portfolios



# Fixed Portfolios



# What are the State tax benefits unique to the Maryland College Investment Plan?

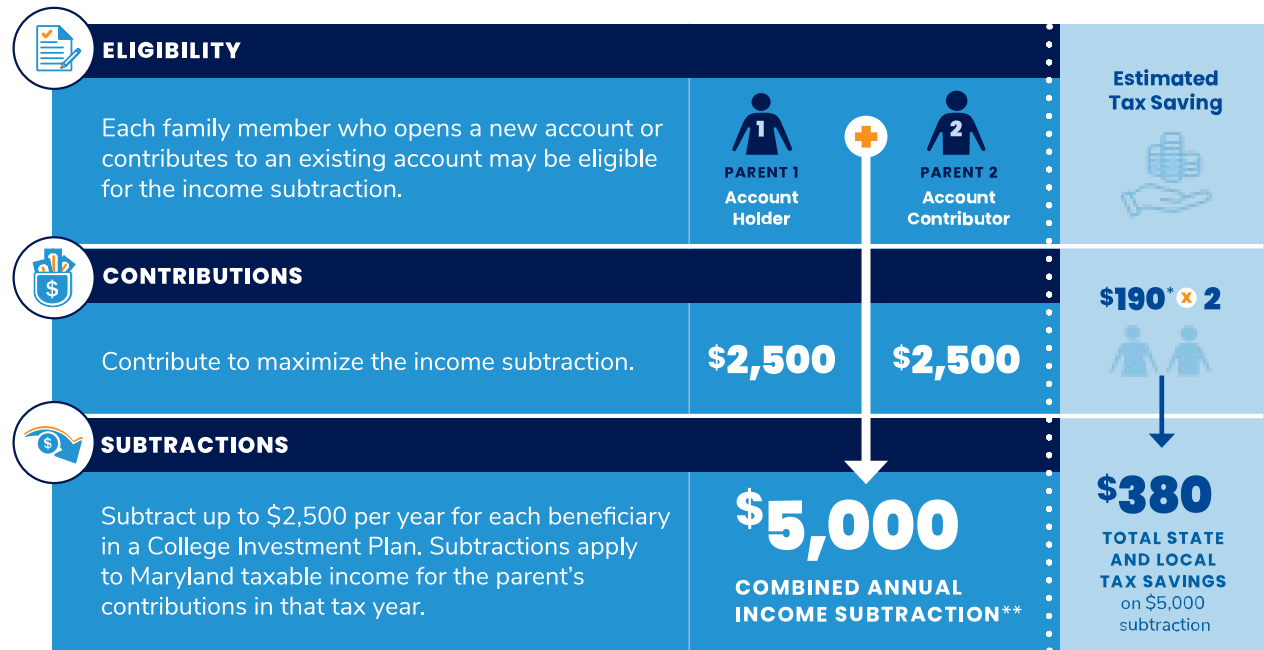
# Maryland State Income Subtraction

## College Investment Plan:

- Subtract up to \$2,500 from your Maryland adjusted gross income per beneficiary each year.
- Payments in excess of \$2,500 per beneficiary can be carried forward and subtracted for up to the next 10 years.

*\*Note that this is a hypothetical scenario assuming a 7.6% State and local tax rate with no federal deduction. The amount of savings from your State income subtraction may vary. \*\*Account owners and contributors can each subtract contributions regardless of their marital status or tax filing status (individual or joint). A contributor need not be a parent or family member of the beneficiary to be eligible for the income subtraction.*

*Account owners and contributors are eligible for the Maryland income subtraction on contributions they make. If you received a Save4College State contribution in a given tax year however, you are not eligible to receive Maryland State income subtractions for contributions to any Maryland College Investment Plan account made in that same year. Maryland 529 cannot and does not provide tax advice. Your tax consequences depend on your individual circumstances. If you withdraw funds that are not used for qualified education expenses, any earnings may be subject to income taxes and a 10% federal penalty. In addition, there may be state tax consequences; state tax laws and treatment may vary. So, check with your tax professional regarding your specific situation.*





**Would I lose my savings if my student doesn't go to college or gets a scholarship?**

# You have options.



## College Investment Plan:

- Apply to cover other eligible expenses such as books, room and board.
- Defer use until graduate school.
- Transfer to a member of the family of the beneficiary, including yourself.
- Education Loan Repayment - The principal or interest on a qualified education loan for the beneficiary. There is a \$10,000 lifetime maximum per individual.
- Roll over any unused funds from your College Investment Plan to a Roth IRA maintained for the benefit of the same designated beneficiary.\*
- Take a distribution.\*\*

*\*The account must have been maintained for at least 15 years and only contributions (and accompanying earnings) made more than five years prior can be rolled over. The amount eligible for rollover each year cannot exceed the IRA contribution limit and there is an aggregate limit of \$35,000.*

*\*\*If you withdraw funds that are not used for Qualified Education Expenses, any earnings may be subject to income taxes and a 10% federal penalty. In addition, there may be state tax consequences; state tax laws and treatment may vary. Please consult with your tax professional to determine what is the best course of action for your family.*

**If I elect to take a distribution for non-qualified expenses, will there be tax consequences?**

## Yes



### Student Receives Scholarship, Grant, Tuition Remission or Attends Military Academy

- Income tax on any **earnings** if equivalent amount is withdrawn or distributed.
- Recapture of any prior MD income subtractions associated with the distributed or withdrawn amount.



### Student Doesn't Attend School

- Income tax on any **earnings**.
- 10% penalty on any **earnings**.
- No penalty for disability or death.
- Recapture of any prior MD income subtractions associated with the distributed or withdrawn amount.

*\*Maryland 529 cannot and does not provide tax advice. Your tax consequences depend on your individual circumstances. If you withdraw funds that are not used for Qualified Education Expenses, any earnings may be subject to income taxes and a 10% federal penalty. In addition, there may be state tax consequences; state tax laws and treatment may vary. So, check with your tax professional regarding your specific situation.*

**Can family members  
and/or friends make  
a contribution to my  
account?**

## Yes, Give a Gift

Friends and family can choose to make a gift contribution to an existing account online through Ugift.®

- Send a Ugift® code to family and friends through email and social channels, text the link, or include the link on evites and printed invitations.
- Automatically track gifts received. Your account's Ugift® history includes the name of the gift giver (if provided), the amount of the gift and the gift status.
- No fees. Neither the Investment Plan account owner nor the gift giver has to pay any fees.
- Gift givers can set up a gifting profile so that they can easily send recurring gifts.

*\*Ugift® is a registered service mark.*



Visit [Maryland529.com/Gifting](https://Maryland529.com/Gifting)

# What is the State Contribution Program, and do I qualify?



## State Contribution Program

- Since 2017, the Save4College State Contribution Program has been helping lower to middle-income families in Maryland save money for higher education.
- Individuals who open or have opened a new Maryland College Investment Plan account\* after December 31, 2016, submit an application from January 1 through May 31, and make at least the minimum contribution\*\* to the account, may receive a \$250 or \$500 contribution by the State.

MARYLAND ADJUSTED GROSS INCOME			
Individual	Joint	Minimum Contribution	State Contribution
\$49,999 or less	\$74,999 or less	\$25	\$500
\$50,000 - \$87,499	\$75,000 - \$124,999	\$100	\$500
\$87,500 - \$112,500	\$125,00 - \$175,000	\$250	\$250

\*If you have a closed/zero balance account (for more than 24 months) and open a new account for the same beneficiary, you may apply for the State Contribution Program for that account.

\*\*Annual limit of two State contributions per beneficiary, regardless of account owner and lifetime maximum of \$9,000 per account owner.

# State Contribution Program

The account owner  
and beneficiary must  
be a Maryland resident.



You must make the  
minimum contribution  
no later than  
**NOVEMBER 1.**



- Account owners must be 18 years old to submit an application and beneficiaries must be under the age of 26 years in the calendar year before the account owner submits an application.
- If you file Maryland taxes, you must file your State taxes by July 15, regardless of other extensions that may be available, in order to be considered for the State Contribution.
- State contribution recipients cannot take an income tax subtraction.
- Please note the Maryland General Assembly may impose other program requirements or restrictions at any time.
- State Contributions are not guaranteed and funding for contributions is limited to a certain amount each fiscal year.



Visit [Maryland529.com/Save4College](https://Maryland529.com/Save4College)

# How do I open a Maryland College Investment Plan account?

# Online or by paper—anytime!

## Maryland College Investment Plan

- 1 Choose one or more investment options.
  - 2 Choose how much and how often you want to contribute.
  - 3a Open an account online at [Maryland529.com](https://Maryland529.com).
- OR-
- 3b Complete a paper account application.



Please read the Investment Plan's Disclosure Statement in full before deciding to open an account.

# Questions?

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*To learn more, visit*

**[Maryland529.com](https://Maryland529.com)**

*Enrolling in the Maryland College Investment Plan is an important decision for you and your family. The Maryland Senator Edward J. Kasemeyer College Investment Plan Description provides investment objectives, risks, expenses and costs, fees, and other information you should read and consider carefully before investing. If you or your beneficiary live outside of Maryland, you should compare the Maryland College Investment Plan to any college savings program offered by your home state or your beneficiary's home state, which may offer state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 plan. T. Rowe Price Investment Services, Inc., Distributor/Underwriter, Maryland Senator Edward J. Kasemeyer College Investment Plan.*

<sup>1</sup> Morningstar analysts reviewed 54 plans for its 2023 ratings (11/2/23) of which 15 plans received a "Silver" rating. To determine a plan's rating, Morningstar's analysts organized their research around four key pillars: Process, People, Parent, and Price. [Visit this site for additional information about Morningstar's methodology.](#) Plans were then assigned forward-looking ratings of "Gold," "Silver," "Bronze," "Neutral," and "Negative." Each year, certain of the industry's smallest plans are not rated.

Analyst Ratings are subjective in nature and should not be used as the sole basis for investment decisions. Analyst Ratings are based on Morningstar analysts' current expectations about future events and, therefore, involve unknown risks and uncertainties that may cause Morningstar's expectations not to occur or to differ significantly from what was expected. Morningstar does not represent its Analyst Ratings to be guarantees. ©2023 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Tax benefits may be conditioned on meeting certain requirements, such as residency, purpose for or timing of distributions, or other factors, as applicable.

State Contributions are limited to two per beneficiary, per year and will be awarded on a first come, first serve basis if eligibility requirements are met. Annual funding for the State Contribution is limited and as with the entire State budget, the Maryland General Assembly has final approval. If resources are insufficient to fully fund all eligible accounts, Maryland 529 shall provide contributions in the order in which applications are received in good order and give priority to applications of account owners who did not receive a State Contribution in any prior year. If you receive a State Contribution for any Account in a given year, you are not eligible in that year for the income subtraction on your State taxes for contributions that you made to that or any other Maryland College Investment Plan Account. You should check with your tax professional regarding your specific situation.