NC 529 Plan

A great way to save for college

CFNC.org/NC529

North Carolina's National College Savings Program

College Foundation of North Carolina

A Quick Glance at the NC 529 Plan

What is a 529 Plan?

- Federal law allows states to develop "qualified tuition programs" with special tax advantages for college savings. The number 529 refers to the section of the Internal Revenue Code that created the tax exemption for these programs.
- A 529 plan offers special tax benefits for college savings. Account earnings are tax-free when used for qualified higher education expenses, such as tuition, room and board, books, fees, and any required equipment.
- North Carolina's National College Savings Program offers North Carolina taxpayers an additional tax benefit. State taxpayers contributing to an account in the NC 529 Plan may be eligible for an annual state tax deduction for contributions of up to $2,500 (individual) or $5,000 (married couple, filing jointly). Consult your tax advisor for more information.

NC 529 Plan Investment Options

You may choose one or more investment options. There are age-based and individual options that cover a range of financial strategies, from conservative to aggressive. Since the Program is offered directly through CFI, there are no enrollment fees or sales charges to open an account.

AGE-BASED OPTIONS

- **V Fund Conservative Track** (Mutual Funds from The Vanguard Group, Inc.)
- **V Fund Moderate Track** (Mutual Funds from The Vanguard Group, Inc.)
- **V Fund Aggressive Track** (Mutual Funds from The Vanguard Group, Inc.)

INDIVIDUAL OPTIONS

- **Active Core Equity Fund** (Managed by NCM Capital Management Group, Inc.)
- **Dependable Income Fund** (Managed by North Carolina State Treasurer)
- **Federally-Insured Deposit Account** (Offered by State Employees' Credit Union)
- **V Fund 1** (Vanguard® LifeStrategy Growth Fund)
- **V Fund 2** (Vanguard LifeStrategy Moderate Growth Fund)
- **V Fund 3** (Vanguard LifeStrategy Conservative Growth Fund)
- **V Fund 4** (Vanguard LifeStrategy Income Fund)
- **V Fund 5** (Vanguard Prime Money Market Fund)*
- **V Fund 6** (Vanguard Total Stock Market Index Fund)
- **V Fund 7** (Vanguard Total International Stock Index Fund)
- **V Fund 8** (Vanguard Total Bond Market Index Fund)

The total annual asset-based fees and fund expenses are low. Investment option management expenses range from less than 0.5% to 0.65%, depending on the investment option(s) selected. The monthly administrative fee, which is based on the total amount invested, is no more than 0.25% annually. Account earnings are reinvested in the respective funds.

Your NC 529 savings can be used to pay for your beneficiary's qualified higher education expenses at most any college, anywhere in the country.

Individual Option Descriptions

Active Core Equity Fund

(Managed by NCM Capital Management Group, Inc.)

A stock portfolio with an emphasis on capital appreciation, NCM Capital's Focused Equity Product.

Dependable Income Fund

(Managed by the North Carolina State Treasurer)

A portfolio of income securities designed to produce a solid return with minimal risk of principal.

Federally-Insured Deposit Account

(Offered by State Employees' Credit Union)

A deposit account that offers income, protection of principal and earnings, and federal insurance.

V Fund 1

(Invests in Vanguard® LifeStrategy Growth Fund)

Seeks to provide capital appreciation and current income with an allocation of approximately 80% of the LifeStrategy Fund's assets in common stocks and 20% to bonds.

V Fund 2

(Invests in Vanguard LifeStrategy Moderate Growth Fund)

Seeks to provide capital appreciation and a low to moderate level of current income with an allocation of approximately 60% of the LifeStrategy Fund's assets to common stocks and 40% to bonds.

V Fund 3

(Invests in Vanguard LifeStrategy Conservative Growth Fund)

Seeks to provide current income and low to moderate capital appreciation with an allocation of approximately 40% of the LifeStrategy Funds assets to bonds, 20% short-term fixed income investments and 40% to common stocks.

V Fund 4

(Invests in Vanguard LifeStrategy Income Fund)

Seeks to provide current income and some capital appreciation with an allocation of approximately 60% of the LifeStrategy Fund's assets to bonds, 20% of short-term fixed income investments, and 20% to common stocks.

* The V Fund 5's investment in the Vanguard Prime Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the underlying Vanguard Fund seeks to preserve the value of the investment at $1 per share, it is possible that the V Fund 5 may lose money by investing in the underlying Vanguard Fund.

V Fund 5

(Invests in Vanguard LifeStrategy Prime Money Market Fund)

Seeks to provide income consistent with the preservation of principal with 100% of the assets in the Prime Money Market Fund.

V Fund 6

(Invests in Vanguard Total Stock Market Index Fund)

Seeks to track the performance of a benchmark index that measures the investment return of the overall stock market by holding a broadly diversified collection of securities.

V Fund 7

(Invests in Vanguard Total International Stock Index Fund)

Seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies in Europe, the Pacific region and emerging markets countries.

V Fund 8

(Invests in Vanguard Total Bond Market Index Fund)

Seeks to track the performance of a broad, market-weighted bond index.

How To Get Started

Before you open an NC 529 account or contribute funds to an existing NC 529 account, carefully review the complete Program Description and Enrollment Agreement. Consider the information on investment objectives, risks, charges, expenses, and other important details.

It's easy to enroll.

- Enroll online at CFNC.org/NC529.
- Or complete and submit a paper Enrollment Agreement, available from our website, by calling toll free 800-600-3453, or e-mailing savings@CFNC.org.

Contribute to your NC 529 Account by any (or all) of these methods.

- Check
- Automatic Draft – Request electronic transfers be made on a regular basis (allowing three business days for set up)
- Electronic Funds Transfer – Request one-time electronic transfers whenever you choose (at least three business days in advance of the date you want funds credited)
- Payroll Deduction – Available if your employer has established an arrangement with the NC 529 Plan
- Rollover from another Qualified Tuition Program
- Transfer from a Coverdell Education Savings Account or Qualified Savings Bond Series EE or I, issued after 1989
- Transfer from an UGMA/UTMA custodial account – The NC 529 Account to which the transfer is made will be subject to laws governing Custodial Accounts
- Transfer from any rewards program in which you participate

Manage your account online at CFNC.org/NC529

- Check your account balance
- Add or change account information
- Set up regular or one-time electronic contributions
- Change the allocation of future contributions anytime or re-allocate current funds once a year
- View and print statements and transactions
- Opt for electronic delivery of statements and other communications
- Request withdrawals

Representatives are glad to help you by phone at 800-600-3453 Monday through Thursday from 8:00 a.m. to 8:00 p.m. and Friday from 8:00 a.m. to 5:00 p.m. (ET).

Terms to Know Before You Enroll

Beneficiary – The individual with a valid Social Security or taxpayer identification number for whom you are saving. (An account for a newborn can be established without a Social Security number and the number provided at a later date.)

College Foundation of North Carolina (CFNC) – The free and comprehensive information source to help families plan, apply, and pay for college. General program information about the NC 529 Plan and access to your account are available at CFNC.org/NC529.

Duplicate Statement Request – Your opportunity to list an individual (such as a spouse, relative, or financial advisor) on your account who is authorized to receive copies of account information, but who has no authority to access or make any changes to the account.

Parental Savings Trust Fund – The fund established by the North Carolina General Assembly to hold all assets of the Program. The North Carolina income tax form may use this term to refer to the NC 529 Plan. The North Carolina State Education Assistance Authority (the Authority), the state agency authorized by the General Assembly to establish and maintain the NC 529 Plan, is the trustee of the Fund; however, the assets are not the property of the State. The Authority establishes the investment policy for the NC 529 Plan, which sets forth the objectives and guidelines that govern each Investment Option, other than the Dependable Income Fund. The investment policy is subject to revision or modification by the Board of Directors of the Authority at its discretion.

Participant – The owner of the NC 529 account. A Participant can be an individual or specific types of entities. Participants must be at least 18 and have a valid Social Security or taxpayer identification number.

Program Administrator – The organization that operates and administers North Carolina's 529 Plan. College Foundation, Inc. (CFI) administers the NC 529 Plan on behalf of the Authority. Direct any questions on operational services or individual accounts by e-mail to savings@CFNC.org or by phone via the toll-free number 800-600-3453.

Successor Participant – The person named to take over account ownership in the event of the Participant's death or incapacity. Successor Participants must be at least 18 and will not have access to the Participant's account or information unless circumstances trigger ownership.

Please see the Program Description for additional defined terms.

For more information about North Carolina's National College Savings Program, please review the complete Program Description and Enrollment Agreement available at CFNC.org/NC529 or contact 800-600-3453 to request an enrollment kit that includes both. Before opening an Account, or contributing funds to an existing Account, you should carefully read and consider the Program Description, which includes information on investment objectives, risks, charges, expenses, and other important information.

North Carolina's National College Savings Program is a program of the State of North Carolina, established and maintained by the State Education Assistance Authority (Authority) as a qualified tuition program under federal tax law, and administered by College Foundation, Inc. (CFI). Current Investment Options are offered by NCM Capital Management Group, Inc. (NCM Capital); the State Treasurer of North Carolina; State Employees' Credit Union (SECU); and The Vanguard Group, Inc. (Vanguard).

Check with your home state about tax or other benefits associated with investing in its own qualified tuition plan. If you are a North Carolina taxpayer, you may be eligible for a state income tax deduction.

The features of a qualified tuition program are complex and involve significant tax issues. The earnings portion of withdrawals not used for qualified higher education expenses are subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. The availability of tax benefits may be contingent on meeting other requirements.

Accounts themselves are not bank or credit union deposits and are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration (NCUA). Neither the Contributions nor the earnings thereon invested in or allocated to Program Accounts are backed by the full faith and credit of the State of North Carolina or guaranteed by the Authority, CFI, NCM Capital, SECU, or Vanguard. Notwithstanding the foregoing, Contributions and interest earned thereon allocated to the Federally-Insured Deposit Account Investment Option are guaranteed by the SECU and insured by the NCUA, which is backed by the full faith and credit of the United States Government. The value of a Participant's Account will fluctuate depending on market conditions and the performance of the Investment Options selected. You could lose money by investing in the Program. Participants assume all responsibility for federal and state tax consequences.

College Foundation® of North Carolina

800.600.3453