FRANKLIN TEMPLETON

# Franklin Templeton 529 Education Savings Plan

## Offered nationwide by the New Jersey Higher Education Student Assistance Authority (HESAA)



Not FDIC Insured | No Bank Guarantee | May Lose Value

# What does the future hold?

As soon as your child is born, you begin imagining what his or her future will hold. You await the first word, watch for the first step and try to envision what they will grow up to be.

Whatever that is, it's likely to require a post secondary education or training. So, as your child takes the first steps toward the future, it's important that you take the first steps toward planning for their education.

Franklin Templeton 529 College Savings Plan, offered nationwide by the New Jersey Higher Education Student Assistance Authority, is a great place to begin.

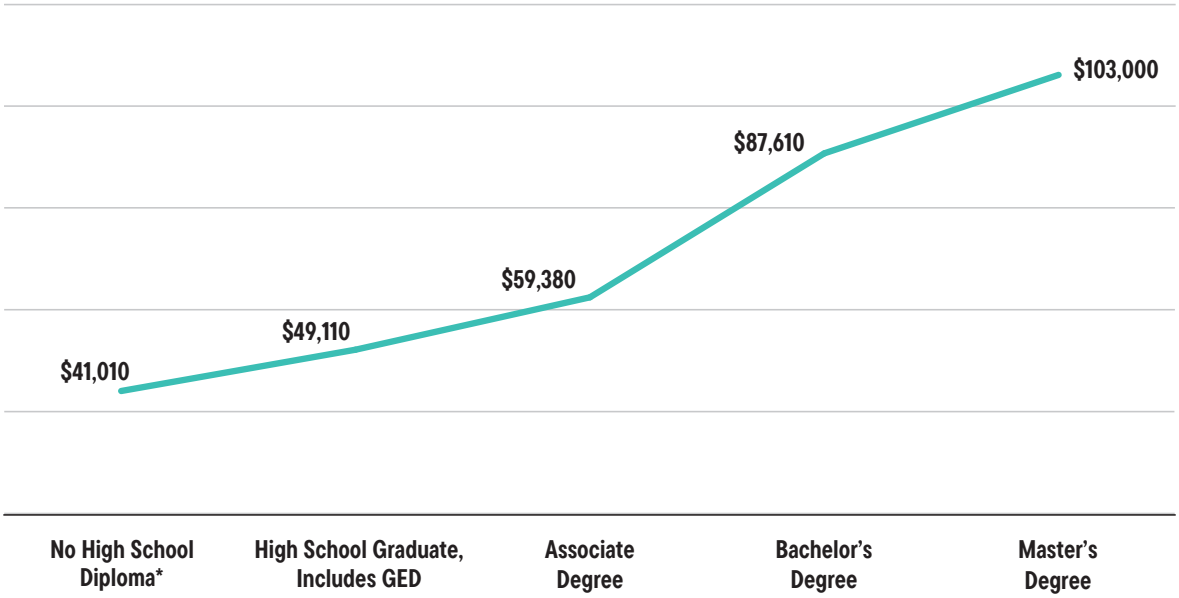
This brochure will help you discover:

- The rewards of a higher education
- How much a higher education could cost
- The impact of borrowing later
- Lump-sum contribution vs. monthly investments
- The benefits of the plan
- Investment option details
- Frequently asked questions
- Different ways to save
- How to get started today

## The future holds more for college graduates

A college education is an investment in your child's future that pays handsomely—college graduates earn an average of 78% more per year than high school graduates and, over a lifetime, that difference amounts to more than $1.7 million in earnings.[1] People who hold advanced degrees are paid even more—clear evidence of the lifelong value of a college education.

**Median Weekly Earnings in 2024, Based on Level of Education[1]**




* Attended a portion of high school but did not graduate.

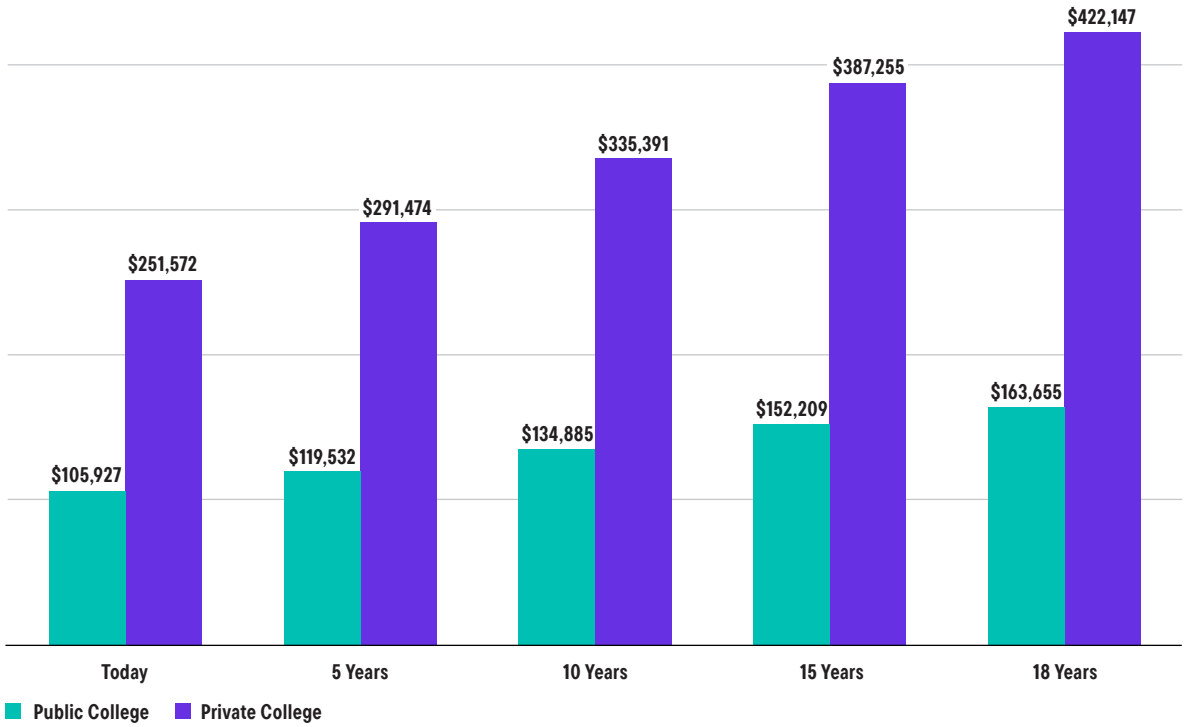
1. Source: "Education pays, 2024," *Career Outlook*, U.S. Bureau of Labor Statistics, May 2025.

# A college education is expensive

If paying for your child's education is a goal, starting early matters. The cost of a four-year college education remains a significant expense for many families. Planning ahead gives you more time to save steadily, manage market ups and downs and stay flexible as education plans take shape, helping make higher education more affordable when the time comes.

**How Much Will It Cost?**[2]

Projected Average Cost for Four Years of College



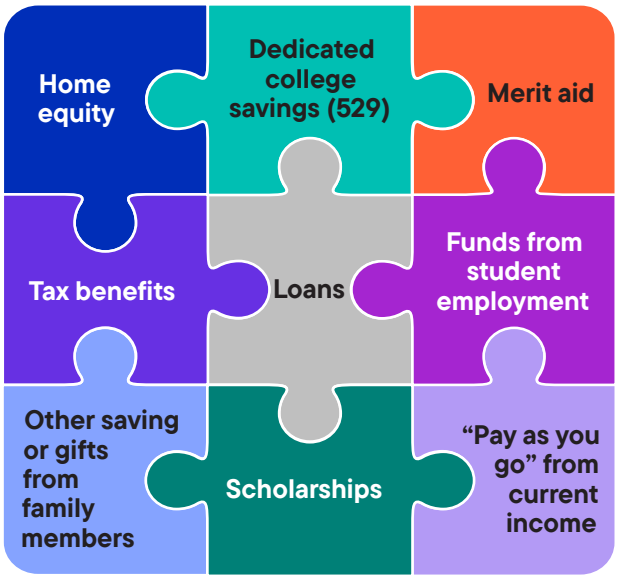

**"Watching my child grow and learn reminds us why planning ahead matters. Saving early helps us stay prepared for the education opportunities that lie ahead, without limiting her options down the road."**



2. Trends in College Pricing, © 2025 The College Board, www.collegeboard.org. Projected cost based upon child's entrance to a four-year public or private college. As reported by the College Board for 2024–25, the $25,580 public college cost and $60,050 private college cost include tuition, fees, room and board. College cost inflation figures of 2.45% (public) and 2.92% (private) are based on the 10-year average annual increase in public and private college costs respectively, as reported by The College Board for 2024–25.

# Start saving now

For most families, meeting the education funding challenge is like solving a puzzle with many different pieces. How can families make the most of these "pieces" in a way that won't leave the student (or family) too deeply in debt?

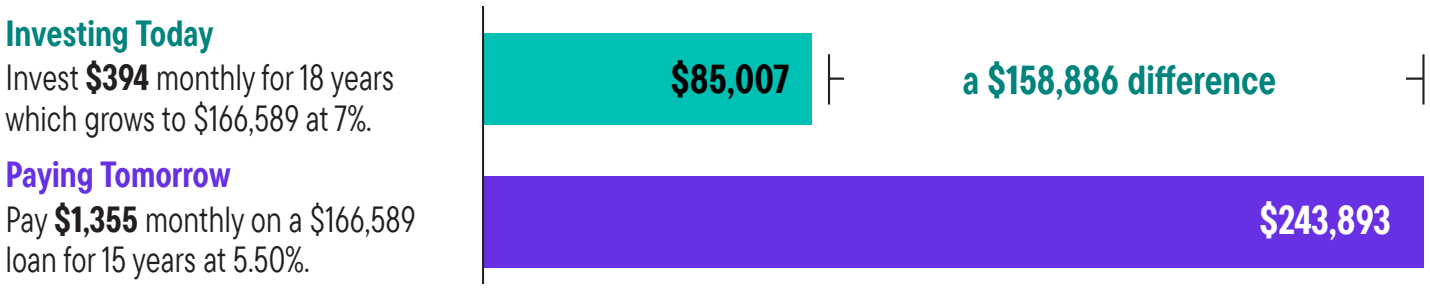



When your child is young, it's easy to believe you have plenty of time to save. The truth is that saving for future education costs is a long-term goal. Start small if you have to, but start now.

## Invest for college now or borrow later?[3]

Education costs can add up over time, making early planning especially important. The example below compares two ways to cover approximately $150,000 in education expenses. Families could wait and borrow the full amount later—resulting in years of loan payments and interest—or start investing early in a tax-advantaged account. By saving regularly over a longer-time horizon, families may benefit from potential investment growth and significantly reduce the overall cost compared with borrowing later.

**Approaches to Covering $150,000 in Education Expenses**




*Examples are for illustrative purposes only and are not representative of any particular investment. The table does not take into account investment expenses, which if reflected, would lower the results shown. All investments involve risk and do not guarantee any specific rate of return, and you may have a gain or a loss on the amounts invested. Periodic investing plans do not assure a profit and do not protect against loss in a declining market.*

3. Source: The borrowing example assumes a fixed interest rate of 6.39% based on a subsidized loan issued between disbursed on or after July 1, 2025 and before July 1, 2026.

# A smarter way to invest for higher education®

Franklin Templeton's 529 Savings Plan, available nationwide through the New Jersey Higher Education Student Assistance Authority, offers a strategic way to invest for higher education. Here are some key benefits for account owners:[4]

## Smart tax advantages

**Tax-free growth and withdrawals**
Your savings can grow tax-free, and withdrawals aren't taxed when used for qualified education expenses.

**Accelerated gifting opportunity**
A special gift-tax election allows you to contribute up to **five times the annual gift-tax exclusion in a single year**, while spreading the gift over five years for federal gift-tax purposes, making it easier to save more sooner.

**New Jersey state tax deduction**
For NJ families with a gross income of $200,000 or less, Franklin Templeton 529 offers a **state income tax deduction** on contributions **up to $10,000 per year.**

## Smart benefits

**You stay in control**
As the account owner, you decide how the money is invested and when funds are used for qualified education expenses.

**Easy to get started**
Open an account with as little as **$25** and build savings through convenient recurring contributions.

**No income limits**
Anyone can open and contribute to a 529 plan, regardless of income level.

## Built in scholarship for New Jersey families:

Students attending New Jersey colleges and universities can receive a **tax-free scholarship** of up to **$6,000**. The longer you contribute, the greater the college scholarship amount.

## Flexibility for today and whatever comes next

Education plans can change and a 529 plan is built to keep pace. 529 plans can be used for a broad range of education-related costs, including:

- College and graduate school tuition and fees
- Room and board for students enrolled at least half-time
- Books, supplies, computers and required technology
- Career credentialing and certificate programs
- Vocational, technical and trade schools
- Registered apprenticeships and workforce training programs
- K-12 expenses, up to $20,000 per year[5]
- Student loan repayment, up to $10,000 per beneficiary[5]

## Options if plans change

If the original beneficiary doesn't use all the funds, you have options:

- **Change beneficiaries**
  Transfer the account to another eligible family member without tax consequences.
- **529 to Roth IRA transfer**
  Move unused funds to a beneficiary's Roth IRA, up to **$35,000 over a lifetime,** subject to requirements.[6]
- **Keep funds invested**
  There are **no required withdrawals**, allowing funds to remain in the account for future expenses, or even future generations.

*Tax benefits are conditioned on meeting certain requirements. Federal income tax, a 10% federal tax penalty, and state income tax and penalties may apply to nonqualified withdrawals of earnings. Generation-skipping tax may apply to substantial transfers to a beneficiary at least two generations below the contributor. Gift examples are general; individual financial circumstances and state laws vary—consult a tax professional before investing. If the contributor dies within the five-year period, a prorated portion of contributions may be included in their taxable estate. See the* Program Description *for more complete information.*

4. Please read the *Program Description* for more information, or speak with your financial professional.

5. Effective in 2025, federal law further expanded these provisions to allow up to $20,000 per year in federal tax-free withdrawals per beneficiary from 529 plans for qualified elementary and secondary education expenses. In addition to tuition at private, public, and religious schools, qualified expenses may include certain additional K-12 education costs as defined under federal law.
The state tax consequences of using 529 plan assets for elementary or secondary education expenses vary by state and may include recapture of prior state tax deductions or credits, as well as state taxes and penalties. Some states do not conform to the federal definition of qualified K-12 expenses, do not offer state tax deductions or credits for such withdrawals, or may impose other restrictions.

6. SECURE Act 2.0. Transfers are subject to Roth IRA contribution limits, and the account must have been open for more than 15 years. Other conditions apply. For more information please visit: www.finance.senate.gov.

7. The New Jersey College Affordability Act allows for a state tax deduction for contributions into a Franklin Templeton 529 College Savings Plan of up to $10,000 per year, for those with gross income of $200,000 or less, beginning with contributions made in tax year 2022. The maximum deduction is $10,000. Because each investor's circumstances are different, please consult your tax professional for more information about considerations that may be relevant to your particular situation.

8. Investing in a Franklin Templeton 529 College Savings Plan does not guarantee admission to any particular elementary or secondary school or to college, or sufficient funds for elementary or secondary school or for college. The scholarship is only available for college and is awarded any fall or spring semester of college. The NJBEST scholarship is provided by the New Jersey Higher Education Student Assistance Authority.

# Investment options

When you open a Franklin Templeton 529 Education Savings Plan, you get more than a powerful education savings tool: you also get experienced and knowledgeable management of your assets. Franklin Templeton's distinct multi-manager structure combines the specialized expertise of our investment management groups and the flexibility to vary allocations to strategic underlying investments within asset class targets.[9]

## Smart investment options

With a wide range of investment options, the plan allows you and your financial professional to design a program matching your individual needs. You may choose to invest among as many of the following portfolios as you'd like, as long as the total allocation equals 100%.

## Objective-based asset allocations

These portfolios allow you to invest your assets according to the amount of investment risk you're comfortable taking and the potential return characteristics you prefer. **The portfolios are periodically rebalanced to maintain allocation percentages.**

### Moderate Growth Allocation 529 Portfolio

Designed for investors with a medium-to-long investment time horizon and/or a moderate tolerance for risk, this balanced portfolio seeks growth with a level of income stability. It is allocated 50% in equities and 50% in fixed income.



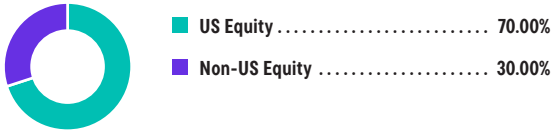

### Growth Allocation 529 Portfolio

This growth-focused portfolio is suitable for investors with a longer investment time horizon and/or a high tolerance for risk, aiming for growth with some stability. The portfolio is allocated at 75% equities and 25% fixed income.




### Aggressive Growth Allocation 529 Portfolio

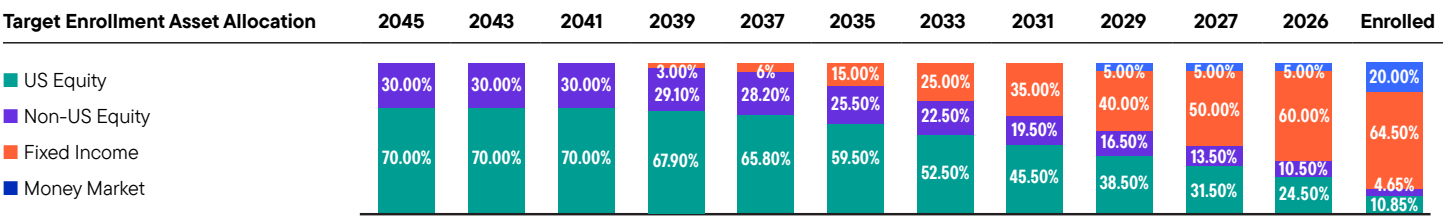
This portfolio is designed for investors who have a long investment time horizon and/or a high tolerance for risk. It seeks to maximize potential growth by allocating 100% of the portfolio to equities, with no fixed income allocation.




9. The plan is managed by Franklin Mutual Advisers, LLC, an affiliate of Franklin Distributors, LLC. Plan portfolios generally invest in funds managed by affiliates of Franklin Mutual Advisers, LLC. An investment in Franklin Templeton 529 College Savings Plan is an investment in a municipal security that may invest in one or more underlying mutual funds, ETF or separate accounts. It is not an investment in shares of the underlying mutual fund(s) or ETF, which could include Brandywine Global Investment Management, LLC, ClearBridge Investments, LLC, Martin Currie Inc., Putnam Investments, Clarion Partners, K2 Advisors, Royce Investment Partners and Templeton subsidiaries of Franklin Templeton, Inc.

## Target enrollment year allocations[10]

Target Enrollment Year portfolios simplify your investment choices. Just select the one that aligns with the year you expect your child to need the funds. The investment mix automatically shifts to become more conservative as that year approaches, helping to reduce risk as you near the time to pay for qualified education expenses.




**Asset classes and target percentage investments** (Actual % investments may vary +/- 10% from the target)

## Individual portfolios

You also have the option of working with your financial professional to assemble your own portfolio, creating an asset allocation mix to suit your college investing needs.

### US Equity

- Putnam Large Cap Growth 529 Portfolio
- Putnam Large Cap Value 529 Portfolio
- Franklin U.S. Large Cap Index 529 Portfolio
- Franklin Small-Mid Cap Growth 529 Portfolio
- Ariel 529 Portfolio[11]
- Franklin DynaTech 529 Portfolio
- Putnam Sustainable Leaders Portfolio

### Non-US Equity

- ClearBridge International Growth 529 Portfolio
- iShares Core MSCI EAFE 529 Portfolio

### Balanced

- Franklin Income 529 Portfolio

### Fixed Income

- Putnam Core Bond 529 Portfolio

### Money Market

- Franklin U.S. Government Money 529 Portfolio

10. If you plan to use your savings for K-12 expenses or graduate school, you can choose an enrollment year that aligns best with that timing. Earnings are free from federal income tax when withdrawn for qualified higher education expenses or up to $20,000 per year for eligible primary and secondary schools. 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 do not offer state tax deductions or tax credits for K-12 tuition, and other restrictions may apply.

11. Assets of the Ariel 529 Portfolio currently are invested in the Ariel Fund, a series of Ariel Investment Trust, distributed by Ariel Distributors, LLC. The Ariel Fund's fundamental objective is long-term capital appreciation. Ariel Investments, LLC is not affiliated with Franklin Templeton. For a description of the Fund's main types of investment risks, please see the *Program Description*.

# Getting started is as easy as 1, 2, 3

**All you need to do is:**

## 1 | Educate yourself

**Find more complete information about the plan in the *Program Description*.**

## 2 | Select an investment portfolio

**Select the investment strategy that best suits your college savings needs.**

## 3 | Open a plan

**Work with your financial professional to complete an application.**

## Your best investment may be a financial professional

Finding the resources and discipline to invest regularly for college is challenging for many people. Knowing how to invest your money may present an even bigger challenge.

That's why we recommend seeking the assistance of a financial professional.

A financial professional can help you lay the groundwork for a successful investment plan tailored to your financial goals, risk tolerance and time frame, as well as recommend the appropriate investments that can help you reach your education savings goals.



# Frequently asked questions[4]

**Here are some common questions about Franklin Templeton 529 College Savings Plan:**

## What expenses are covered?[5]

**Qualified expenses include:**

- Tuition, mandatory fees, books, supplies, equipment, and room and board (for students enrolled at least half-time) at eligible colleges, universities and vocational schools.
- Certain expenses for registered apprenticeship or career credentialing programs.
- Up to $10,000 (lifetime) per beneficiary for student loan repayment (including a sibling).
- Up to $20,000 per year for K-12 expenses

## Can I withdraw my money for a non-education related expense?

Yes. However, earnings on non-qualified withdrawals are subject to federal income tax and a 10% federal tax penalty, and may also be subject to state taxes and penalties.

To help avoid taxes and penalties, you may be able to transfer unused funds to another eligible beneficiary or roll them into the beneficiary's Roth IRA.[6]

Please see the *Program Description* for full details.

## Does the beneficiary have access to the money?

No, the account owner decides when and how funds are used for education expenses.

## Are there restrictions on schools?

Funds can be used at most eligible educational institutions, including colleges, universities and vocational schools in the US and abroad that participate in US Department of Education federal student aid programs.

Funds can also be used for certain registered apprenticeship or career credentialing programs. In addition, up to $20,000 per year may be used for K-12 expenses.[5]

## Can I change the beneficiary?

Yes, you can change the beneficiary at any time. The new beneficiary must be a member of the previous beneficiary's family (including children, grandchildren, siblings, spouses, nieces and nephews, aunts and uncles, cousins and in-laws).

## What is the program management fee?[12]

The program management fee is currently 0.25% per year. It is an asset-based fee, meaning it is reflected in the daily price (net asset value, or NAV) of your investments rather than charged as a separate fee from your account.

This fee covers the cost of managing and operating the plan, including services provided by Franklin Distributors, LLC, its affiliates, subcontractors and the New Jersey Higher Education Student Assistance Authority.

The program management fee is subject to change. In addition, investment management fees and expenses are also assessed by the investments in which the plan portfolio invests. For more information on fees and expenses, please see the *Program Description*.

## Can I roll over other 529 plan assets?

Yes. You can roll over funds from another 529 plan into the Franklin Templeton 529 Education Savings Plan.

Rollovers must meet IRS requirements. You'll also need to provide documentation from your current plan showing how much of the rollover is contributions (principal) and how much is earnings.

For tax considerations and eligibility rules, please consult your tax professional and refer to the *Program Description*.



12. Each plan account is subject to an annual program management fee of 0.25% of assets and underlying fund expenses, currently up to 0.75% of assets, which may vary, and sales charges, which vary by class of share. See the *Program Description* for more complete information.

# Ways to save for education

A number of education savings vehicles are available, and the chart below illustrates their main features. Once you've compared them, we think you'll agree that Franklin Templeton 529 College Savings Plan can be a smart way to save for education.

| | Franklin Templeton 529 College Savings Plan | UGMA/UTMA | Coverdell Education Savings Account | Regular Investment Account |
|---|---|---|---|---|
| **Federal Income Tax-Free** | **Earnings grow federal income tax-free, and earnings are free from federal income tax when withdrawn for qualified expenses.** | No. Earnings are taxed at the parent's or the minor's rate | Yes. Money grows income tax-free and qualified distributions are federal income tax-free | No |
| **Maximum Contribution** | **$525,000 in all plans for any one beneficiary** | None | $2,000 per beneficiary under age 18, per year[13] | None |
| **Maximum Income to Contribute** | **No limits** | No limits | Phases out for single filers at $95,000 to $110,000; for joint filers at $190,000 and $220,000 | No limits |
| **Who Controls Disbursement of Assets?** | **Plan owner** | Custodian, until minor reaches age of majority (varies by state) | Responsible individual | Registered owner |
| **Ability to Change Beneficiary** | **The beneficiary can be changed to another member of the beneficiary's family.** | No | Can be transferred to the account of an eligible member of the same family without tax consequences and must occur before the original beneficiary attains the age of 30[14] | No named beneficiary; transfer may be considered a gift or sale |
| **Estate-Planning Features** | **Assets are generally transferred out of the donor's estate, yet the donor retains control** | Assets are transferred out of the donor's estate | Assets are transferred out of the donor's estate | Transfer of income may be considered a gift |
| **Freedom to Choose Educational Institutions** | **Eligible for K–12, most accredited colleges, vocational schools, some international institutions, apprenticeships, and career credentialing.** | No restrictions on use | Can be used for any qualified higher education expense. Must be used before beneficiary is age 30[14] | No restrictions |
| **Use for Primary and Secondary (K-12) Education** | **Up to $20,000 per year per beneficiary can be used for expenses at primary and secondary educational institutions (K-12)[5]** | No restrictions on use | Can be used for any qualified primary and secondary education expenses | No restrictions |
| **Use for Student Loans** | **Up to $10,000 may be paid toward principal or interest of a student loan for the beneficiary or sibling[5]** | Funds must be used for benefit of the minor | No | No restrictions |
| **Early or Non-Qualified Withdrawal** | **Earnings are taxable and are subject to a 10% federal tax penalty, state taxes and penalties** | Funds must be used for benefit of the minor | Earnings are taxable and are subject to a 10% federal tax penalty, state taxes and penalties | No |
| **Federal Financial Aid Treatment** | **A parent-owned 529 account reported on the federal financial aid application is assessed at a maximum 5.64% rate in determining the Student Aid Index. Grandparent owned 529s are not included in FASFA calculations** | Child-owned assets reported on the federal financial aid application are assessed at a maximum 20% rate in determining the Student Aid Index | A parent-owned account reported on the federal financial aid application is assessed at a maximum 5.64% rate in determining the Student Aid Index. Grandparent owned accounts are not included in FASFA calculations | Parental assets reported on the federal financial aid application are assessed at a maximum 5.64% rate in determining the Student Aid Index |

**For Franklin Templeton 529 College Savings Plan:**

*Tax benefits are conditioned on meeting certain requirements. Federal income tax, a 10% federal tax penalty, and state income tax and penalties may apply to nonqualified withdrawals of earnings. Generation-skipping tax may apply to substantial transfers to a beneficiary at least two generations below the contributor. Gift examples are general; individual financial circumstances and state laws vary—consult a tax professional before investing. If the contributor dies within the five-year period, a prorated portion of contributions may be included in their taxable estate. See the* Program Description *for more complete information.*

13. Except in the case of a Special Needs Beneficiary.

# Notes

**Risks:**
**All investments involve risks, including possible loss of principal. Equity securities** are subject to price fluctuation and possible loss of principal. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets. Fixed income securities** involve interest rate, credit, inflation and reinvestment risks and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **Asset-backed, mortgage-backed or mortgage-related securities** are subject to prepayment and extension risks. The **investment style** may become out of favor, which may have a negative impact on performance. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

**Government/Treasury Money Market Funds: You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the fund is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor is not required to reimburse the fund for losses, and you should not expect that the sponsor will provide financial support to the fund at any time, including during periods of market stress. Although the fund invests in US government obligations, an investment in the fund is neither insured nor guaranteed by the US government.**

All investments involve risk including possible loss of principal. Diversification does not guarantee a profit or protect against a loss.

**Investors should carefully consider the 529 plan's investment goals, risks, charges and expenses before investing. To obtain the *Program Description*, which contains this and other information, talk to your financial professional or call Franklin Distributors, LLC, the manager and underwriter for the 529 plan at (800) DIAL BEN/342-5236 or visit franklintempleton.com. You should read the *Program Description* carefully before investing and consider whether your, or the beneficiary's, home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in its qualified tuition program.**

*Franklin Templeton's 529 College Savings Plan is offered and administered by the New Jersey Higher Education Student Assistance Authority (HESAA); managed and distributed by Franklin Distributors, LLC, an affiliate of Franklin Resources, Inc., which operates as Franklin Templeton.*

*Investments in Franklin Templeton's 529 College Savings Plan are not insured by the FDIC or any other government agency and are not deposits or other obligations of any depository institution. Investments are not guaranteed by the State of New Jersey, Franklin Templeton, or its affiliates and are subject to risks, including loss of principal amount invested. Investing in the plan does not guarantee admission to any particular primary, secondary school or college, or sufficient funds for primary, secondary school or college.*

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