

Franklin Templeton 529 College Savings Plan
OFFERED NATIONWIDE BY THE NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY





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 college degree. So as your child takes the first steps toward the future, it's important that you take the first steps toward seeing that a college education will be a part of it.

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:

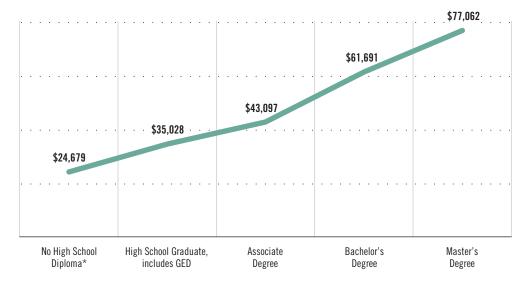
- The rewards of a college degree
- How much a college education could cost
- The impact of borrowing later
- Lump-sum contribution vs. monthly investments
- The benefits of the plan

- Multiple investment options
- 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 76% more per year than high school graduates and, over a lifetime, that difference amounts to more than \$1 million in earnings.² People who hold advanced degrees are paid even more—clear evidence of the lifelong value of a college education.

Average Earnings in 2012, Based on Level of Education²



^{*} Attended a portion of high school but did not graduate

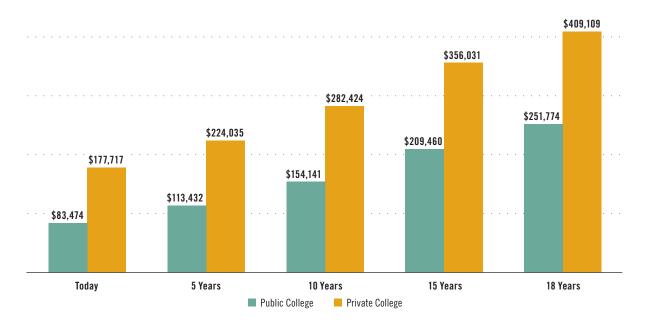
^{1.} Offered and administered by the New Jersey Higher Education Student Assistance Authority (HESAA); managed and distributed by Franklin Templeton Distributors, Inc., an affiliate of Franklin Resources, Inc., which operates as Franklin Templeton Investments. No federal or state guarantee. Principal value may be lost, and investing in the plan does not guarantee admission to college or sufficient funds for college. Please refer to the *Investor Handbook* for more complete information.

^{2.} Source: U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement.

A College Education Is Expensive

If paying for your child's college education is your goal, you'll need to plan well in advance. College education expenses have climbed over 6% annually during the past 10 years, more than double our nation's inflation rate. That means a child born today could need over \$250,000 to attend a four-year public college, more than triple today's college costs.³

How Much Will It Cost?³
Projected Average Cost for Four Years of College





"My daughter enjoys going to school and her grades reflect her enthusiasm. With the rising cost of a college education, it's important for our family to invest in her future now."

^{3.} Source: *Trends in College Pricing*, © **2012 The College Board, www.collegeboard.org**. Projected cost based upon child's entrance to a 4-year public or private college. As reported by the College Board for 2012–13, the \$17,860 public college cost and \$39,518 private college cost include tuition, fees, room and board. College cost inflation figures of 6.33% (public) and 4.74% (private) are based on the 10-year average annual increase in public and private college costs respectively, as reported by The College Board for 2012–13.

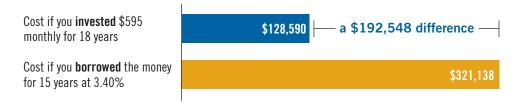
Start Saving Now

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

Invest for College Now or Borrow Later?4

In 18 years it could cost over \$250,000 to send a newborn to college. Let's look at a hypothetical investing vs. borrowing example. The parents could wait until their child is 18 years old and borrow the money, paying interest for at least 15 years. Or, when their child is born they could begin investing \$595 monthly in a tax-advantaged investment earning a hypothetical 7% annual return before taxes. In this example, they would save over \$192,000 by investing now, rather than borrowing later.

The Cost of a Newborn's College Education



A One-Time Contribution or Monthly Investments?

The table below illustrates the one-time or monthly contributions you would need to invest today, assuming a 7% annual rate of return after taxes, to meet the projected cost of a four-year public college education.

	CHILD'S CURRENT AGE					
	2 Years Old	5 Years Old	10 Years Old	15 Years Old		
Projected Cost of College ³	\$222,709	\$185,280	\$136,347	\$100,337		
Years to College	16	13	8	3		
One-Time Contribution	\$75,439	\$76,885	\$79,355	\$81,905		
Monthly Investments	\$641	\$739	\$1,067	\$2,507		

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.

^{4.} Source: *Trends in College Pricing*, © 2012 The College Board, www.collegeboard.org. Projected cost based upon child's entrance to a 4-year public or private college. As reported by the College Board for 2012—13, the \$17,860 public college cost and \$39,518 private college cost include tuition, fees, room and board. College cost inflation figures of 6.33% (public) and 4.74% (private) are based on the 10-year average annual increase in public and private college costs respectively, as reported by The College Board for 2012—13. Savings example assumes an 7% annualized rate of return with contributions made at the beginning of each period. The borrowing example assumes a fixed interest rate of 3.40% based on a subsidized Stafford loan issued between 7/1/2012—6/30/2013. Assumed payments are made at the beginning of each period.

A Smarter Way to Invest for College®

Franklin Templeton 529 College Savings Plan, offered nationwide by the New Jersey Higher Education Student Assistance Authority, can be a smarter way to invest for college. Here are just a few features you can enjoy as an account owner: 5

Smart Tax Advantages

- Federal Income Tax Benefits Investments grow federal income tax free, and earnings are free from federal income tax when withdrawn for qualified higher education expenses.
- Special Gift and Estate Tax Treatment
 A contribution in one year of up to \$70,000
 (or \$140,000 if a married couple) to a single beneficiary is generally exempt from federal gift and estate taxes if you make no further gifts to the beneficiary for five years.

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 advisor 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 Investor Handbook for more complete information.

Smart Benefits

- Control Over Plan Assets As account owner, you maintain control over how and when plan assets will be spent for qualified college expenses.
- Low Contribution Requirement You can open a plan with just \$250.
- **High Contribution Limit** Contributions can be made until the plan value for a beneficiary is \$305,000.
- **No Income Restrictions** You can open a plan regardless of how much you earn.



"My son is interested in computers. I want him to go to college and learn about technology. That's why I contribute to a tax-advantaged 529 College Savings Plan each month to save for his future college expenses."

^{5.} Please read the *Investor Handbook* for more information, or speak with your financial advisor.

Gain From Our Perspective®

When you open a Franklin Templeton 529 College Savings Plan, you get more than a powerful college savings tool: you also get experienced and knowledgeable management of your assets. Franklin Templeton's distinct multi-manager structure combines the specialized expertise of three world-class investment management groups—Franklin, Templeton and Mutual Series.⁶

Smart Investment Options

With a wide range of investment options, the plan allows you and your financial advisor 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.**

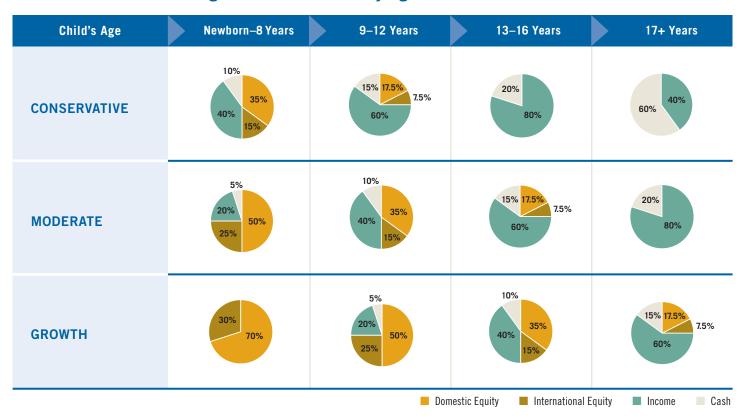
COREFOLIO® 529 PORTFOLIO Franklin Flex Cap Growth Fund ... 25% This portfolio invests in a combination of four underlying equity funds Franklin Growth Fund 25% with distinct investment strategies. The allocation provides significant Templeton Growth Fund 25% diversification across multiple industries, which may help reduce overall Mutual Shares Fund 25% risk, and offers potential for long-term growth. **FOUNDING FUNDS 529 PORTFOLIO** This portfolio invests in three value-oriented underlying funds to create an investment portfolio offering diversification across multiple asset Templeton Growth Fund 331/3% classes and the potential for attractive long-term results. **GROWTH 529 PORTFOLIO** This growth allocation is designed for investors with a longer investment time Domestic Equity 70% horizon and/or a higher tolerance for risk. ■ International Equity 30% **GROWTH & INCOME 529 PORTFOLIO** This moderate allocation is designed for investors with a **medium to longer** ■ International Equity 15% investment time horizon and/or a moderate tolerance for risk. Cash 10% **INCOME 529 PORTFOLIO** This more conservative allocation is designed for investors with a **shorter to** medium investment time horizon and/or a lower tolerance for risk. Cash 20%

^{6.} The plan is managed by Franklin Advisers, Inc., an affiliate of Franklin Templeton Distributors, Inc. Plan portfolios generally invest in mutual funds managed by affiliates of Franklin Advisers, Inc. 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. It is not an investment in shares of the underlying mutual fund(s).

Age-Based Asset Allocations

Work with your financial advisor to select an age-based asset allocation track suitable for you—conservative, moderate or growth. Your investments will be placed in a portfolio within the asset allocation you choose based on the beneficiary's age. As your beneficiary ages, the age-based allocations reallocate a percentage of your assets out of equity-based funds (which have more stocks) into more conservative, income-seeking funds (such as bond and money market funds). By the time college is around the corner, a greater proportion of your assets will be in investments designed to be more conservative and lower-risk.

How Your Investment Changes as Your Beneficiary Ages



Individual Portfolios

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

The Franklin Templeton Stable Value 529 Portfolio is not insured or guaranteed by the FDIC or any other government agency and, while it seeks to preserve the value of investments, it is possible to lose money by investing in the portfolio.

VALUE	HYBRID	
Mutual Shares 529 Portfolio	Franklin Income 529 Portfolio	
GROWTH	INDEX STYLE	
Franklin Growth 529 Portfolio	S&P 500 Index 529 Portfolio	
Franklin Small-Mid Cap Growth 529 Portfolio	PRINCIPAL PRESERVATION	
GLOBAL	Stable Value 529 Portfolio	
Templeton Growth 529 Portfolio		

Frequently Asked Questions

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

What education expenses qualify?

Savings may be applied to tuition, fees, required books, supplies and equipment, and room and board if the beneficiary is enrolled at least half time.

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

Yes. You can access your money at any time. However, if you withdraw money for reasons other than qualified higher education expenses, you must pay federal income tax, a 10% federal tax penalty, and you may be liable for state income tax and penalties on the taxable portion of the earnings.

Does the beneficiary have access to the money?

No. You—not the beneficiary—maintain control over how and when plan assets will be spent for higher education expenses.

Are there restrictions on schools?

No. The beneficiary can attend any university, college or vocational school accredited by the U.S. Department of Education, including many educational institutions outside the United States.

Can I change the beneficiary?

Yes, you can change the beneficiary at any time. To avoid taxes, however, 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?

The program management fee is currently 0.40% annually. This fee is used to pay for the services of Franklin Templeton Distributors, Inc., and its affiliates and subcontractors under the Services Agreement, as well as the New Jersey Higher Education Student Assistance Authority for its services in connection with the program. The program management fee is subject to change. Investment management fees and expenses are also assessed by the mutual funds in which the plan portfolios generally invest. Please see the *Investor Handbook* for further discussion of the expenses associated with the plan.

Can I roll over other 529 plan assets?

You may roll over funds from another qualified tuition program established under Section 529 of the Tax Code to Franklin Templeton 529 College Savings Plan. Such a rollover will be subject to requirements of the Tax Code, and you will need to provide Franklin Templeton with acceptable documentation from the prior program regarding the portion of any rollover contribution that consists of a return of principal and the portion that consists of earnings. Please contact your tax advisor for more information.



Ways to Save for College

A number of college 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 college.

	Franklin Templeton 529 College Savings Plan	UGMA/UTMA	Coverdell Education Savings Account	Regular Investment Account
Federal income tax free	Yes. Money grows income tax free and qualified distributions are federal income tax free	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	\$305,000 in all plans for any one beneficiary	None	\$2,000 per beneficiary under age 18, per year ⁷	None
Maximum income to qualify	No limits	No limits	Phases out for single filers at \$95,000 to \$110,000; for joint filers at \$190,000 to \$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	In most instances, the beneficiary can be changed to another member of the beneficiary's family, without penalty	No	Can be transferred to the account of an eligible member of the same family without tax consequences	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 or income may be considered gifts
Freedom to choose colleges	Can be used for qualified expenses at almost any accredited post-secondary school in the U.S. and many institutions outside the U.S.	No restrictions on use	Can be used for any qualified education expenses in primary, secondary or post-secondary school. Must be used before beneficiary is age 30 ⁷	No restrictions
Early or nonqualified withdrawal	Earnings are taxable and are subject to a 10% federal tax penalty, state taxes and penalties	No	Earnings are taxable and are subject to a 10% federal tax penalty, state taxes and penalties	No
Investments available	Multiple portfolio options: age-based, objective-based and individual	Wide range of securities and personal property, as permitted by state law	Varies by provider	Any legal security
Professional management/ asset allocation	Yes	Yes, varies based upon provider	Yes, varies based upon provider	Yes, varies based upon provider

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 advisor 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 Investor Handbook for more complete information.

Getting Started Is as Easy as 1, 2, 3

All You Need to Do Is:

1 EDUCATE YOURSELF

The Franklin Templeton 529
College Savings Plan *Investor Handbook* contains more complete information about the plan. Read it to ensure that you understand all of the plan's features, fees, benefits and risk.



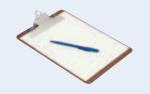
2 | SELECT AN INVESTMENT PORTFOLIO

Work with your financial advisor to select the Franklin Templeton 529 College Savings Plan portfolio(s) that best suits your college investment needs.



3 | RETURN YOUR APPLICATION

Just fill out the application and return it to your financial advisor today.





Your Best Investment May Be a Financial Advisor

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 advisor.

A financial advisor 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 college savings goals.

Each plan account is subject to an annual program management fee of 0.40% of assets and underlying fund expenses, currently up to 0.86% of assets, which may vary and sales charges, which vary by class of share. See the Investor Handbook for more complete information.

You should carefully consider plan portfolio investment goals, risks, charges and expenses before investing. To obtain an Investor Handbook, which contains this and other information, talk to your financial advisor or call Franklin Templeton Distributors, Inc., the manager and underwriter for the plan at (800) 818-4030. You should read the Investor Handbook carefully before investing and consider whether your or the account beneficiary's home state offers any state tax or other benefits that are only available for investments in its qualified tuition program.

You should note that:

- (i) depending upon the laws of the home state of the 529 plan account owner, third-party contributor or beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in qualified tuition programs may be available for investments only in such home state's qualified tuition program;
- (ii) any state-based benefit offered with respect to a particular qualified tuition program should be one of many appropriately weighted factors to be considered in making an investment decision; and
- (iii) you should consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances; you may also wish to contact the home state of the account owner, third-party contributor and/or beneficiary, as applicable, or any other qualified tuition program to learn more about the features, benefits and limitations of that state's qualified tuition program.

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Franklin Templeton Investments

Your Source For:

- Mutual Funds
- Retirement
- 529 College Savings Plans
- Separately Managed Accounts

An investment in Franklin Templeton 529 College Savings Plan does not guarantee any specific rate of return or that your college investing goals will actually be met. The value of an investment in the plan may fluctuate, and investors may have a gain or a loss from investment in the plan.

This is not a recommendation of any particular security, is not based on any particular financial situation or needs, and is not intended to replace the advice of a qualified financial advisor. Before making any financial commitment regarding a Section 529 college savings plan, consult with an appropriate financial advisor.

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