

**Supplement dated March 31, 2023
to the NJBEST 529 College Savings Plan – New Jersey Program Description
dated October 1, 2022 (the “Program Description”)**

This Supplement updates the Program Description. You should review this information carefully and keep it together with your current copy of the Program Description. Any information in the Program Description that is inconsistent with the information provided in this Supplement is superseded by the information in this Supplement. Terms that are not otherwise defined in this Supplement have the meaning given to them in the Program Description. Where applicable, the headings below reference the section of the Program Description.

A. Future Limited Tax-Free Distributions of Certain Unspent Account Balances to Roth IRAs

The section captioned “TAX INFORMATION—Federal Tax Treatment-Taxation of Distributions on page 42 of the Program Description is revised by inserting the following subsection immediately after the subsection captioned “Rollover Distributions”:

Limited Tax-Free Distributions of Certain Unspent Account Balances to Roth IRAs

For distributions made after December 31, 2023, no federal income taxes are payable on a distribution to the extent you transfer the distributed funds directly to a Roth IRA established for the benefit of the beneficiary of your Program Account, provided that (i) the Program Account has been maintained for at least 15 years prior to the date of the applicable distribution, (ii) the amount of the distribution does not exceed the aggregate amount contributed to the Program Account (and attributable earnings) before the 5-year period ending on the date of the distribution, (iii) the amount of the distribution does not, together with amounts previously transferred in the same or a prior taxable year from such Program Account or from any other QTP account established for the same beneficiary to any Roth Account for such beneficiary, exceed \$35,000, and (iv) the amount of the distribution does not exceed the maximum amount permitted to be contributed to a Roth IRA in such tax year under the rules applicable to Roth IRAs, as adjusted with respect to rollover contributions from QTP accounts.

B. Increase in Gift and Estate Tax Exemption Amounts

The subsection captioned “TAX INFORMATION—Federal Tax Treatment-Federal Gift, Estate and Generation-Skipping Transfer Taxes” on pages 44-46 of the Program Description is revised by updating the exemption or exclusion amounts in the following existing sentences:

- Under current tax law, if contributions made by an Account Owner or Third-Party Contributor to Accounts of a Beneficiary, together with all other gifts by the Account Owner or Third-Party Contributor who makes the contribution to the Beneficiary, including contributions to all qualified tuition program accounts, do not exceed \$17,000 during a year (\$34,000 for married filers electing gift splitting on their federal tax return), no federal gift tax or generation-skipping

transfer tax will be imposed on the Account Owner or Third-Party Contributor, as applicable, for gifts to the Beneficiary during that year.

- For example, for 2023, the maximum contribution that may be made using this rule would be \$85,000 in one year (or married filers electing gift splitting can make a joint gift of up to \$170,000 in one year) without triggering the tax.
- Each individual has a \$12,920,000 (as of 2023, and indexed for inflation) lifetime exemption equivalent that may be applied to gifts in excess of the gift tax annual exclusion amounts referred to above made after December 31, 2017 and before January 1, 2026, and a \$5,600,000 (as of 2018, and indexed for inflation) lifetime exemption equivalent that may be applied to gifts made before January 1, 2018 or after December 31, 2025.
- Each individual has a \$12,920,000 exemption (as of 2023, subject to annual upwards adjustment for inflation), reduced by the amount of lifetime gifts made by such individual in excess of the annual gift tax exclusion amounts, for deaths occurring after December 31, 2017 and before January 1, 2026, and a \$5,600,000 (as of 2018, and indexed for inflation) estate tax exemption, reduced by the amount of lifetime gifts made by such individual in excess of the annual gift tax exclusion amounts, for deaths occurring before January 1, 2018 or after December 31, 2025.
- Each individual has a \$12,920,000 generation-skipping transfer tax exemption (as of 2023, subject to annual upwards adjustment for inflation) for transfers made after December 31, 2017 and before January 1, 2026, and a \$5,600,000 (as of 2018, and indexed for inflation) generation-skipping transfer tax exemption for transfers made before January 1, 2018 or after December 31, 2025 that will be allocated to transfers that are subject to generation-skipping transfer tax unless certain elections are made.

Please keep this supplement for future reference.

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