

# FutureScholar

529 College Savings Plan



## Your Future Scholar Welcome Guide

Everything you need to manage your account



**Curtis Loftis**  
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## Congratulations

By choosing to open an account with Future Scholar, you've put your beneficiary on a path to achieving important educational goals – the kind that can lead to a happy and successful future.

In this guide, you'll find important information to help navigate your college savings journey. It includes access to helpful tools and resources, answers to frequently asked questions and tips for growing your account – including inviting friends and family to contribute.

We're proud you've chosen South Carolina's Future Scholar 529 College Savings Plan. If you have any questions as you get started, please don't hesitate to call us at **888.244.5674** or visit us at **futurescholar.com**.

**Welcome to Future Scholar.**

## Take charge of your account

**Register for online account access at [futurescholar.com](https://futurescholar.com) by:**

- Clicking "Login" and then "Register New User".
- Then, follow the prompts to establish your online credentials. Please note, you will need your SSN and the Future Scholar account number listed on the enclosed confirmation statement.

Once you log in, you're able to:

- View account balances
- Access your statements
- Make contributions
- Request distributions
- Change your beneficiary
- Update your personal information
- Add or update an Automatic Contribution Plan
- Open an account for a new beneficiary
- Change investment allocations

Our customer service staff is here to answer your questions Monday through Friday, from 8 a.m. to 7 p.m. ET.  
Call **888.244.5674**.





## Make the most of your savings plan

### **Plan. Take advantage of calculators and tools:**

- Go to the Calculators page (under the Resources tab) on [futurescholar.com](https://futurescholar.com).
- See how much you should contribute each month, based on your beneficiary's age and when they'll begin college.
- Generate a personalized report based on your current savings, contribution goals, timeline and the real cost of college.
- Estimate your student aid index (formerly known as the expected family contribution) and your financial need based on income, assets, family size and demographics.

### **Save. Start an Automatic Contribution Plan to begin saving on a regular basis:**

- Decide how often you want contributions to be made from your bank account and how much to contribute.
- Log into your Future Scholar account and set up your automatic contributions.
- We'll deposit the money directly into your Future Scholar account, making it easy for you to save.

### **Strategize. Remember the potential tax advantages that come with your plan:**

- 100% of contributions may be deducted on your South Carolina state income tax return.
- When you withdraw money to pay for qualified education expenses, the earnings portion of the withdrawal is exempt from South Carolina and federal income tax.
- There's no federal gift tax on contributions up to \$19,000 per year (\$38,000 for joint filers). Individuals may contribute up to five times the annual gifting exclusion in a single year, for a maximum \$95,000 (or \$190,000 for joint filers) without incurring gift tax, as long as the individual does not make any subsequent contributions within the following five years.

# FAQs

## Q What can the money in my Future Scholar account be used for? Which expenses are qualified?

A The money you save in a 529 plan can be used to pay for qualified education expenses including:

- Tuition and fees at an eligible higher education institution
- Cost of room and board while enrolled at an eligible higher education institution, at least part-time
- Books, supplies and equipment (including computers) required for enrollment in or attendance at an eligible higher education institution
- Expenses for special needs services necessary for a beneficiary to enroll in or attend an eligible post-secondary school if the expenses are incurred in connection with enrollment or attendance at the institution
- Expenses up to an aggregate of \$10,000 a year per beneficiary, tax-free, to cover K-12 tuition at public, private or religious elementary or secondary schools
- Expenses for fees, books, supplies and equipment required for a designated beneficiary's participation in an apprenticeship program registered and certified with the Secretary of Labor under Section 1 of the National Apprenticeship Act
- Amounts paid as principal or interest on any qualified education loan of a 529 plan designated beneficiary or a sibling (brother, sister, stepbrother or stepsister) of the beneficiary, subject to a lifetime limit of \$10,000

## Q How do I know which colleges are eligible?

A The money you save can be used at any eligible educational institution in the United States, including out-of-state and some international schools:

- Two- and four-year public and private colleges
- Graduate and professional programs
- Certain vocational-technical schools

**You can search eligible educational institutions at the Federal Student Aid (FAFSA) website.**



### **Q** How does a 529 plan affect financial aid?

**A** A 529 plan is treated as the account owner's asset, not the student's, in determining eligibility for federal financial aid. Only 5.64% or less of the account's value (based on the current financial) is included when determining your student aid index (SAI) each academic year.

### **Q** Can I change my account's beneficiary?

**A** Yes, you can change the beneficiary on your account, with certain limitations. If the new beneficiary is a "member of the family" of the current beneficiary, the change can be made without federal income tax or penalty. Member of the family is defined by the IRS and includes siblings, stepsiblings, parents, grandparents, aunts, uncles and cousins of the current beneficiary.

### **Q** How do I withdraw funds from my Future Scholar account?

**A** It's easy to request a distribution from your account and have it electronically deposited into your bank account. From there, you can pay the school (or reimburse yourself) for qualified expenses paid out of pocket. You can also send payments directly to the educational institution from your account, if you prefer.

### **Q** Are there any tax implications for withdrawals from a 529 account?

**A** No, as long as the withdrawal is used to pay for qualified expenses.

- Either the account owner or the beneficiary will receive a 1099-Q. If the withdrawal is used for the payment of qualified education expenses, there are no tax implications. Simply retain the 1099-Q for your records.
- Earnings on withdrawals for expenditures other than qualified education expenses will be subject to ordinary income tax and, in most cases, a 10% federal tax penalty. Remember, only the earnings are taxed or penalized in the event of non-qualified use, not contributions. Consult a tax professional for more information about non-qualified withdrawals and any applicable penalty waivers.

### **Q** What happens if my student gets a scholarship?

**A** If your student receives a scholarship, you can withdraw up to the amount of the scholarship without penalty. You will only be responsible for paying income tax on the earnings portion of the withdrawal.

### **Q** Can I change my investment selection?

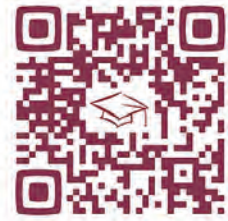
**A** Yes. You can reallocate current investment selections twice per calendar year, according to tax law. You can change the allocation of future contributions at any time.



## The gift of education is easy to give

When family and friends ask you for meaningful gift ideas, think of Future Scholar. Simply create an eGift invitation and invite them to contribute directly from their bank account.

**Because the gift of education lasts a lifetime.**



Scan the QR code to go straight to the Gift page on [futurescholar.com](https://futurescholar.com) and start creating your eGift invitation.



**Please consider the investment objectives, risks, charges and expenses carefully before investing. Visit [futurescholar.com](https://futurescholar.com) for a Direct Plan Program Description, which contains this and other important information about the Future Scholar 529 College Savings Plan. Read it carefully before investing. You should also consider, before investing, whether the investor's or designated 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 such state's qualified tuition program.**

The Office of State Treasurer of South Carolina (the State Treasurer) administers the Program and has selected Columbia Management Investment Advisers, LLC (CMIA) as Program Manager. CMIA and its affiliates are responsible for providing certain administrative, recordkeeping and investment services, and for the marketing of the Program. Future Scholar is self-supported and does not receive taxpayer funding.

CMIA is not affiliated with the State Treasurer.

Columbia Threadneedle Investments does not offer tax or legal advice. Consult with a tax advisor or attorney.

Withdrawal of earnings not used for qualified higher education expenses will be subject to federal and possibly state income tax and may be subject to an additional 10% penalty.

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