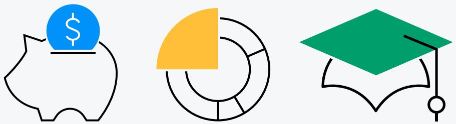
2022 Edition



College Planning Essentials

A comprehensive guide to saving and investing

J.P.Morgan
ASSET MANAGEMENT

Table of contents

Section 1: College matters
Discover how a college degree can pay off with higher income, lower unemployment and other lifelong benefits.

86% **Higher annual income for bachelor's degree holders** vs. high school graduates[1]

Section 2: College costs
See how quickly tuition costs are rising and what you can expect to pay.

79% Families having to **rule out colleges because of cost**[2]

Section 3: Financial aid
Learn what financial aid is, how it works and why it's important to invest for the expenses not covered by free grants and scholarships.

324% **Increase in student loan debt** since 2005[3]

Section 4: Saving and investing
Make informed decisions about how much to contribute, when to start, where to invest and which strategies can help your money work hardest.

98% **More college funds for families with a plan** vs. those without[4]

Section 5: Appendix
Get additional details on college enrollment, preparation, financial aid, tax breaks and more.

1. U.S. Census Bureau, J.P. Morgan Asset Management. For workers aged 18 and older, 2020. Data come from the Current Population Survey and are published under historical income tables by person by the U.S. Census Bureau.
2. Sallie Mae, *How America Pays for College*, 2021.
3. Federal Reserve Bank of New York, *Household Debt and Credit Report*, Q2 2021.
4. Sallie Mae, *Higher Ambitions: How America Plans for Post-secondary Education*, 2020.

Page reference

College matters

4 Higher education pays
5 More education, less unemployment
6 “Major” differences in salaries

College costs

7 Tuition inflation
8 Future four-year college costs
9 The community college option

Financial aid

10 Financial aid overview
11 Paying for college: Expectations vs. reality
12 Financial aid reality check
13 The facts about athletic scholarships
14 Federal financial aid eligibility
15 Estimating Expected Family Contribution
16 Rising college debt
17 The burden of student debt

Saving and investing

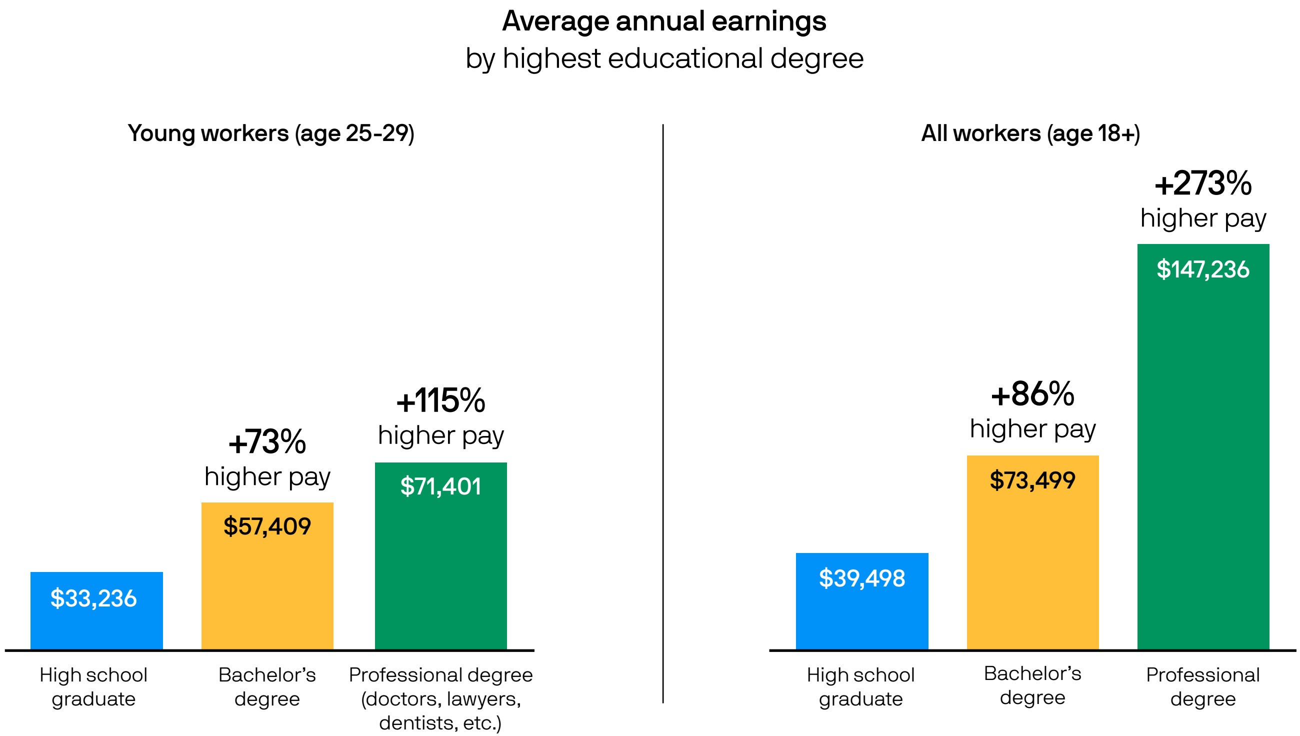
18 The power of a college plan
19 Comparing college planning vehicles
20 Don’t just save, invest
21 How much to invest
22 The benefits of compounding
23 Tax-efficient investing
24 The 529 plan advantage
25 Making the most of college gifts
26 Catching up on college funding
27 Don’t pay for college with retirement funds
28 How K-12 withdrawals impact college funds
29 Performance pays
30 Staying diversified over 18 years

Appendix

31 College enrollment during COVID-19
32 Gap years
33 College preparation checklist
34 College endowments and financial aid
35 Financial aid and college planning websites
36 Sources of financial aid
37 Financial aid: Types of applications
38 Federal student aid: A sample of grant programs
39 Federal student aid: Loan programs
40 Other sources of college funding
41 College-related tax breaks
42 529 plans: State tax benefits
43 Index definitions and disclosures
44 Disclosures

Higher education pays

A college diploma opens the door to higher earnings soon after graduation and throughout life.

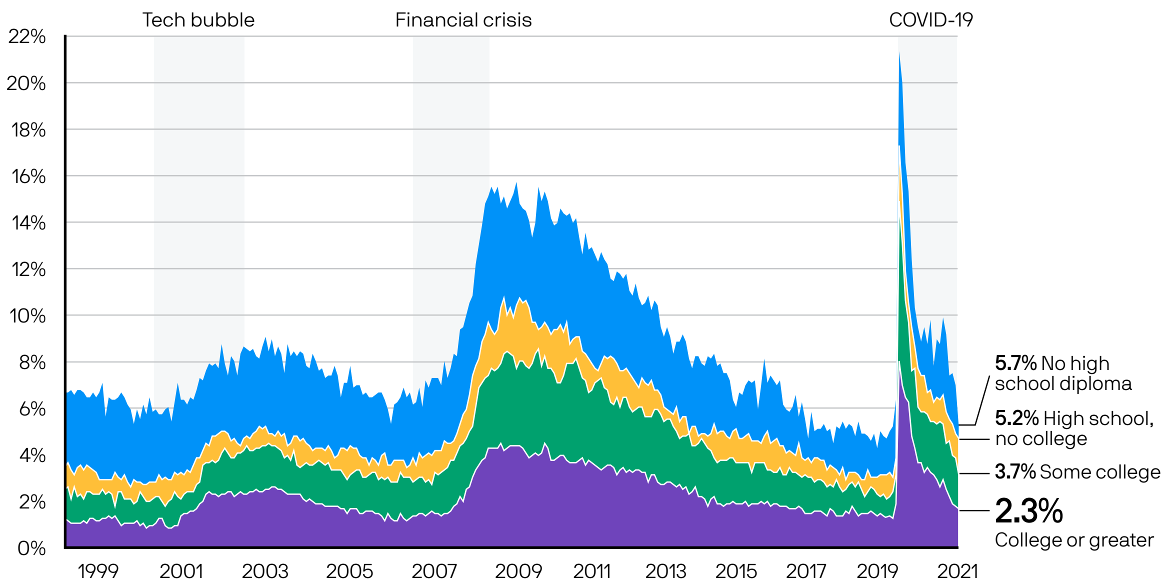


Source: U.S. Census Bureau, J.P. Morgan Asset Management. Data for 2020 come from the Current Population Survey and are published under historical income tables by person by the U.S. Census Bureau.

More education, less unemployment

College graduates enjoy much better job security and opportunity, especially during economic downturns.

Unemployment rates by education level
as of November 2021[1]



Jobs lost/gained since 1999[2]

-3.5 million jobs
No college degree

+25.5 million jobs
College degree

1. J.P. Morgan Asset Management, Bureau of Labor Statistics, FactSet. Unemployment rates shown are for civilians aged 25 and older. Data current as of 11/30/21.
2. Bureau of Labor Statistics, *Employment Situation Report*, November 1999 vs. November 2021.

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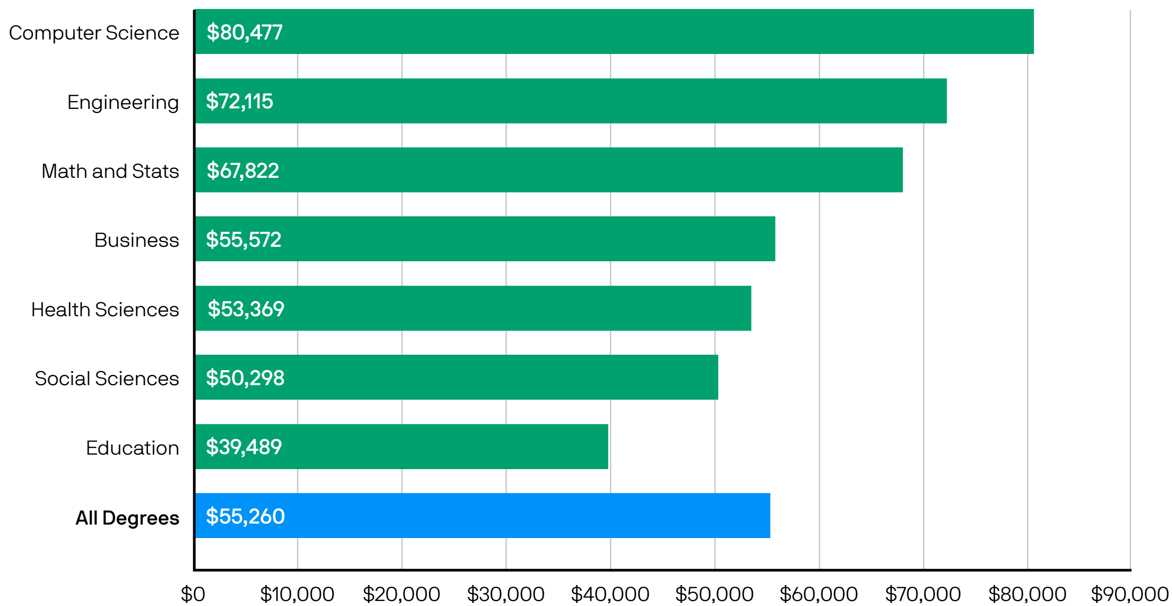
“Major” differences in salaries

Choice of college major has a significant impact on a graduate’s starting salary.

Average yearly starting salary
by college major for the class of 2020



Plan ahead

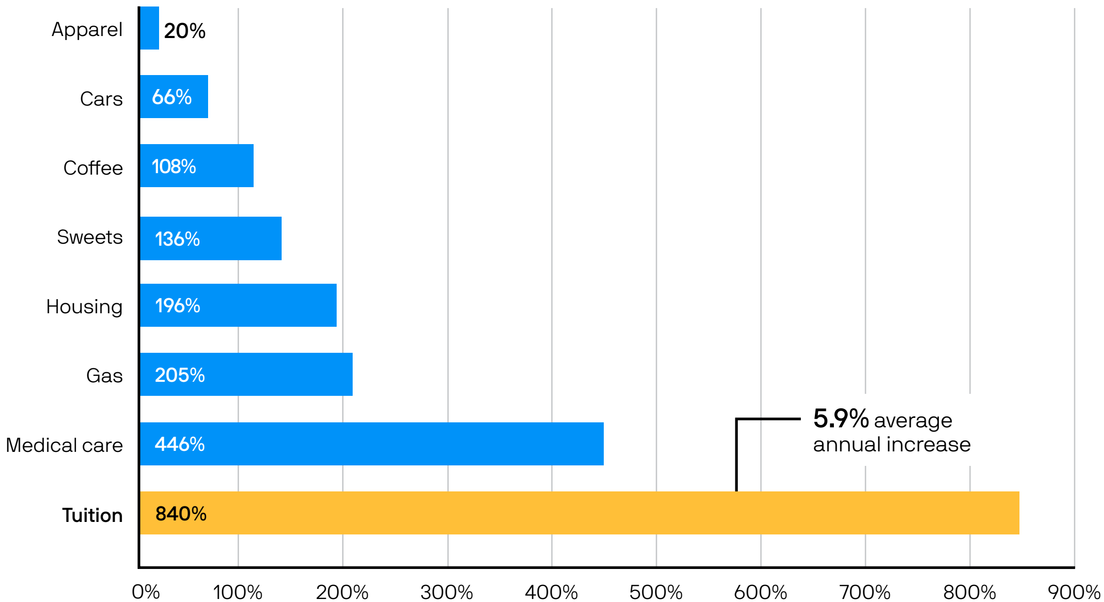
Consider starting salaries before choosing a major and deciding how much to spend on college costs and student debt.

Source: National Association of Colleges and Employers (NACE), *Salary Survey,* Summer 2021. For bachelor’s degree recipients.

Tuition inflation

College tuition costs have increased more quickly than any other household expense in recent decades.

College tuition vs. other expenses
Cumulative percentage price change since 1983



Why costs typically rise

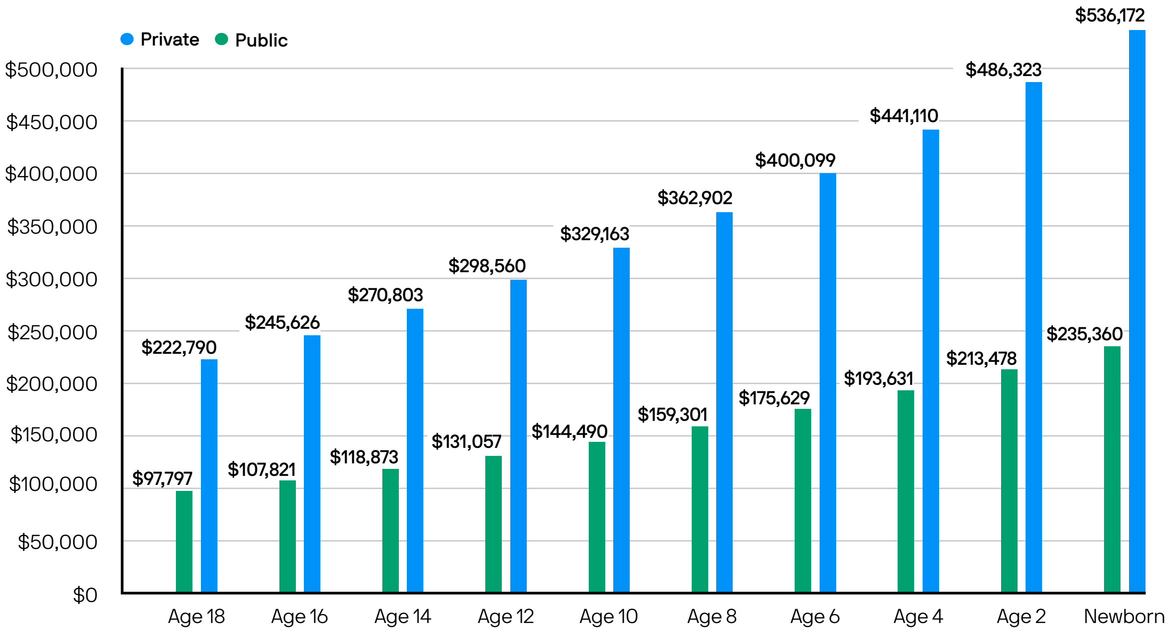
- Colleges **spend more** to attract the best students.
- Colleges **hire more** faculty and administrative staff.
- Colleges **receive less financial support** from states.

Source: BLS, Consumer Price Index, J.P. Morgan Asset Management. Data represent cumulative percentage price change from 12/31/82 to 12/31/21.

Future four-year college costs

The younger the child, the more college is likely to cost. Add up four years per child, and it equals one of a family's largest expenses.

Projected cost of a four-year college education
based on child's current age[1]



2021-22 average tuition, fees, and room and board expenses

$22,690 Public

$51,690 Private

72%

of families are surprised by **higher-than-expected college tuition costs.**[2]

1. J.P. Morgan Asset Management, using The College Board, *Trends in College Pricing and Student Aid 2021*. Future college costs estimated to inflate 5% per year. Average tuition, fees, and room and board for public college reflect four-year, in-state charges.
2. College Ave Student Loans survey, June 2021.

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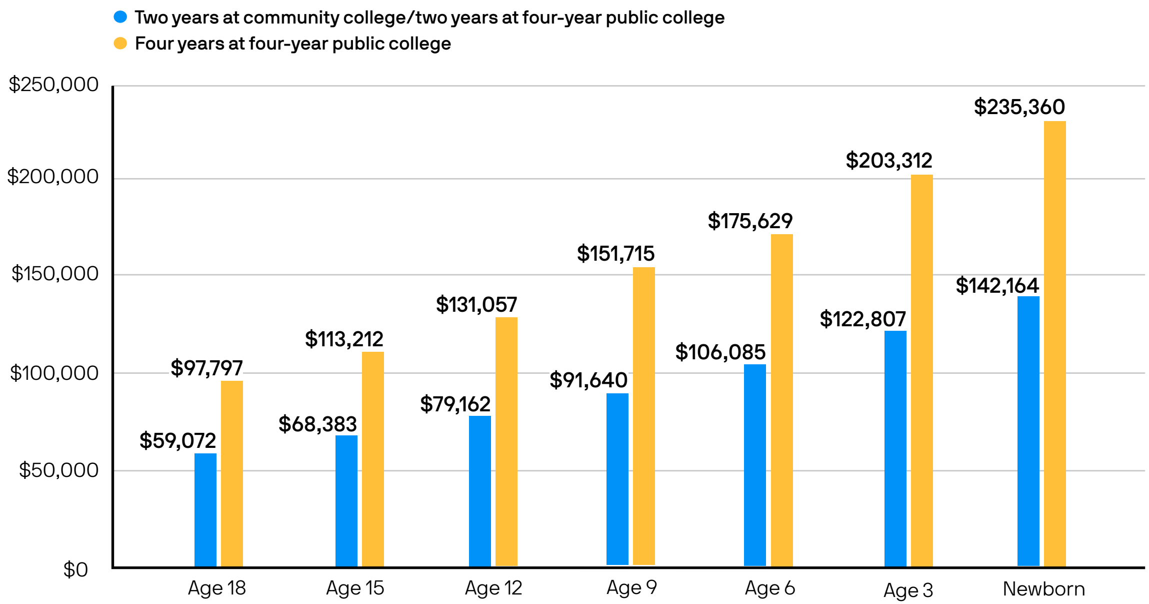
The community college option

Some students choose to live at home and attend community college in their freshman and sophomore years.

Projected four-year costs with and without community college
based on child's current age



Save 40%
by attending two years of community college.

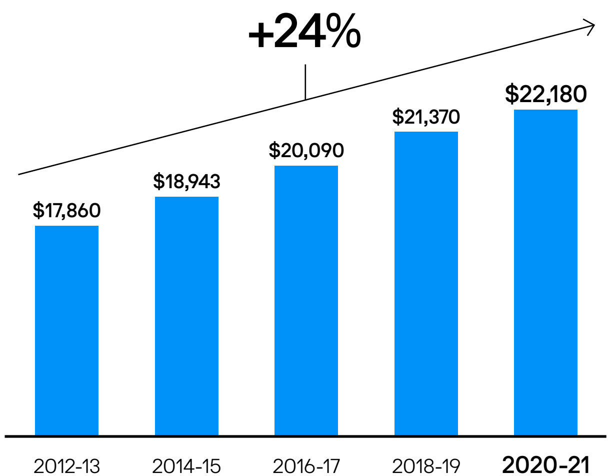
$3,800
Average annual tuition and fees at community college

Source: J.P. Morgan Asset Management, using The College Board, *Trends in College Pricing and Student Aid 2021*. Future college costs estimated to inflate 5% per year. Average tuition, fees, and room and board for public college reflect four-year, in-state charges. Community college costs are based on tuition and fees for an in-district student.

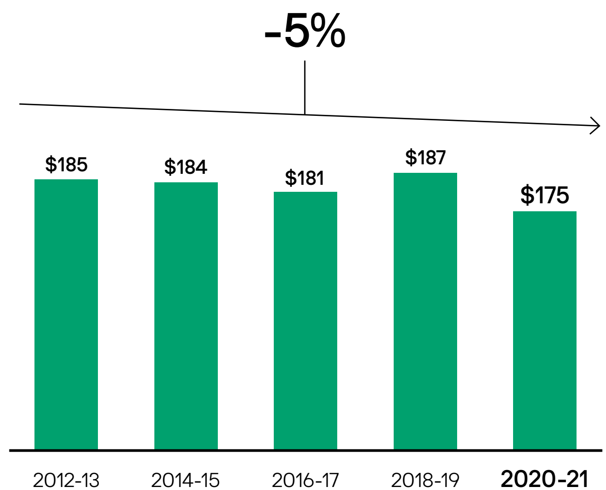
Financial aid overview

College costs continue rising while financial aid has declined — leaving families to cover more of the expenses.

College costs[1]
(four-year public university)



Total financial aid[2]
(undergraduate students, in billions)



1. The College Board, *Trends in College Pricing*, 2012, 2014, 2016 and 2018, and *Trends in College Pricing and Student Aid 2020*. Based on average tuition, fees, and room and board at an in-state, four-year university.
2. The College Board, *Trends in Student Aid*, 2013, 2015, 2017 and 2019, and *Trends in College Pricing and Student Aid 2021*. Includes federal, state, institutional and private grants as well as federal work-study, tax benefits, veterans' benefits and loans.

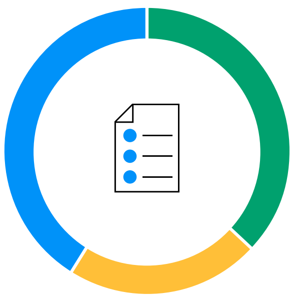
Financial aid

Paying for college: Expectations vs. reality

The typical family pays more than expected for college from their own pocket.

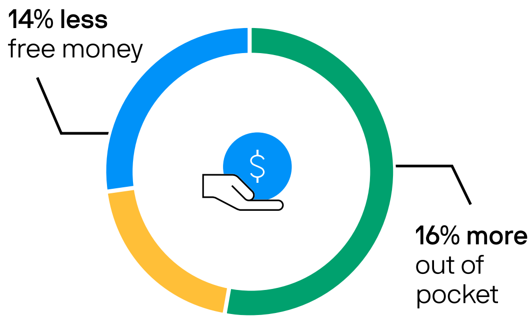
Families need more for college than expected
Breakdown of college funding sources

How families **expect** to pay



- **37%** Family income/investments
- **22%** Student/parent loans
- **41%** Free grants/scholarships/family gifts

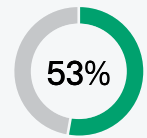
How families **actually** pay



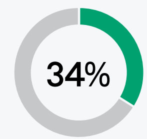
- **53%** Family income/investments
- **20%** Student/parent loans
- **27%** Free grants/scholarships/family gifts

Families are paying more
Percent from income/investments

2020-21



2016-17



Source: Sallie Mae, *How America Pays for College*, 2017 and 2021, and *Higher Ambitions: How America Plans for Post-secondary Education*, 2020.

Financial aid reality check

Free grants and scholarships normally pay for little of college, and many families don't qualify.

Grant reality 2020-21 (need-based)[1]

50% Percent of families receiving grants

Average amount $4,914

▼ 19% since last year

Total costs covered by grants at:

- 9% Private
- 9% 4-year Public
- 13% 2-year Public

Scholarship reality 2020-21 (merit-based)[1]

56% Percent of families receiving scholarships

Average amount $7,355

▼ 7% since last year

Total costs covered by scholarships at:

- 24% Private
- 12% 4-year Public
- 4% 2-year Public

Few free rides

0.3%

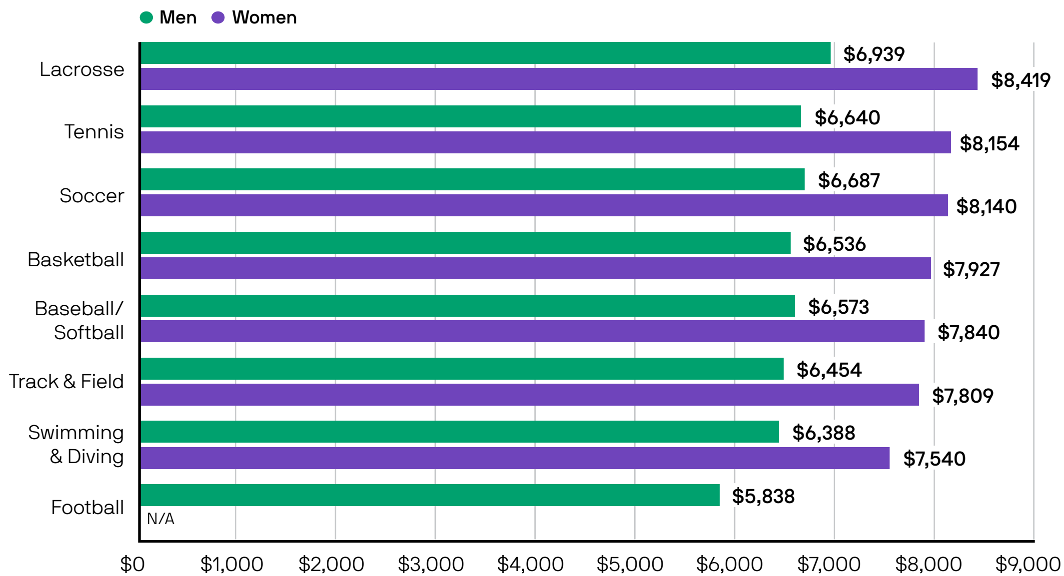
of college students **receive enough grants and scholarships to cover costs.**[2]

1. Sallie Mae, *How America Pays for College*, 2021.
2. Mark Kantrowitz, National Postsecondary Student Aid Study from the National Center for Education Statistics. Based on full-time students at four-year colleges.

The facts about athletic scholarships

Athletic scholarships usually cover only a small portion of college costs — and only for the select few who receive them.

Average scholarship by sport (Division II)[1]



Impact on 529 plans

If students earn scholarships, families can either:

- **Transfer unused 529 plan assets** to another family member;[2] or
- **Withdraw an amount equal to the scholarship** without paying the 10% federal penalty tax.[3]

Don't count on it

Only about 1-2% of high school athletes play Division II college sports.[4]

1. ScholarshipStats.com, based on Division II programs in the National Collegiate Athletic Association (NCAA) for the 2019-20 school year.
2. Section 529 of the Internal Revenue Code defines a family member as a son, daughter, stepson or stepdaughter, or a descendant of any such person; a brother, sister, stepbrother or stepsister; a father or mother, or an ancestor of either; a stepfather or stepmother; a son or daughter of a brother or sister; a brother or sister of the father or mother; a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law; the spouse of the beneficiary or the spouse of any individual described above; or a first cousin of the beneficiary. Gift or generation-skipping transfer taxes may apply. Please consult your tax professional for more information.
3. Federal and state income taxes are due on any investment earnings. Consult your tax professional for more information.
4. NCAA, *Estimated probability of competing in college athletics*, April 2020.

Federal financial aid eligibility

The Department of Education calculates the Expected Family Contribution (EFC) used to determine your financial aid eligibility.

Total college costs each year − **Expected Family Contribution (EFC)** = **Financial aid eligibility**

When to apply
Apply as early as **October 1** of the year before college; **must apply each year in college.**

How EFC is calculated[1]

A family's **annual income**, including the student's, **counts far more in the formula than savings and investments.**

For each school year you apply, EFC is based on **income from two years earlier.**

Parents

Income		Assets
22–47% of adjusted gross income above protected amount[2]	+	Up to 5.64% of non-retirement assets above protected amount, including **529 plans, investments and savings**

+

Students

Income		Assets
50% of income above protected amount of $7,040	+	20% of all assets in bank accounts, CDs, UGMAs/UTMAs and any other savings

=

Total EFC

EFC is not the amount your family will pay for college or get in federal aid. **It's a number used to calculate how much aid a student is eligible to receive.**

Families may be expected to pay more than their EFC.

Grandparents/others

0%
of income and assets considered in federal financial aid formulas.
Withdrawals from 529 plans in 2021 or earlier may be considered student income and must be reported two years later on financial aid forms.
Withdrawals from 529 plans in 2022 or later will not need to be reported.[3]

1. Based on federal methodology for 2022-23 school year. To learn more about how EFC is calculated, see https://fsapartners.ed.gov/sites/default/files/2021-08/2223EFCFormulaGuide.pdf.
2. Protected amount for parents is dependent upon a number of factors, including household size and number of students in college.
3. New federal financial aid rules are subject to change. Please consult your financial professional for more information.

Estimating Expected Family Contribution

Use this chart to estimate your Expected Family Contribution, the amount used to determine federal financial aid eligibility.

Income has a much bigger impact than assets.

Annual Expected Family Contribution (EFC)

Examples based on income and assets

Assets (excluding primary residence and retirement accounts)

Combined income	$0	$25,000	$50,000	$100,000	$150,000	$200,000	$250,000	$300,000
$50,000	$1,948	$2,508	$3,168	$4,575	$6,251	$8,370	$10,973	$13,793
$75,000	$7,026	$7,905	$9,105	$11,836	$14,656	$17,476	$20,296	$23,116
$100,000	$15,735	$16,930	$18,340	$21,160	$23,980	$26,800	$29,620	$32,440
$125,000	$24,120	$25,316	$26,726	$29,546	$32,366	$35,186	$38,006	$40,826
$150,000	$32,628	$33,823	$35,233	$38,053	$40,873	**$43,693**	$46,513	$49,333
$175,000	$41,505	$42,700	$44,110	$46,930	$49,750	$52,570	$55,390	$58,210
$200,000	$50,343	$51,539	$52,949	$55,769	$58,589	$61,409	$64,229	$67,049
$225,000	$58,879	$60,075	$61,485	$64,305	$67,125	$69,945	$72,765	$75,585
$250,000	$67,416	$68,611	$70,021	$72,841	$75,661	$78,481	$81,301	$84,121

Example: If you earn $150,000 in income and have $200,000 in assets, your estimated EFC is **$43,693**.

Calculate your personal EFC

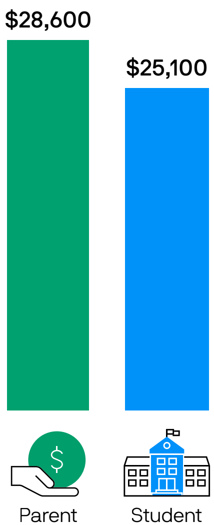
Use the U.S. Dept. of Education's [online calculator] to get an estimate.

Source: J.P. Morgan Asset Management and studentaid.gov. Based on two-parent household with one child attending college, one child living at home, all are residents of New York. Assumes no income or assets for each dependent and age 49 for eldest parent. Protected amounts for parental assets vary based on age and marital status. These are estimates provided for illustrative purposes only, and they may not be representative of your personal situation and circumstances.

Rising college debt

Families that don't invest enough for college often have no other choice than to borrow.

Average outstanding college loan balances[1]



Debt balances, 2005 vs. 2021
by type of consumer loan, excluding mortgages[2]

	Student loan	Auto loan	Credit card	Home equity line of credit
2005	$370 billion	$770 billion	$720 billion	$530 billion
2021	$1.57 trillion	$1.42 trillion	$790 billion	$320 billion
	+324%	+84%	+10%	−40%

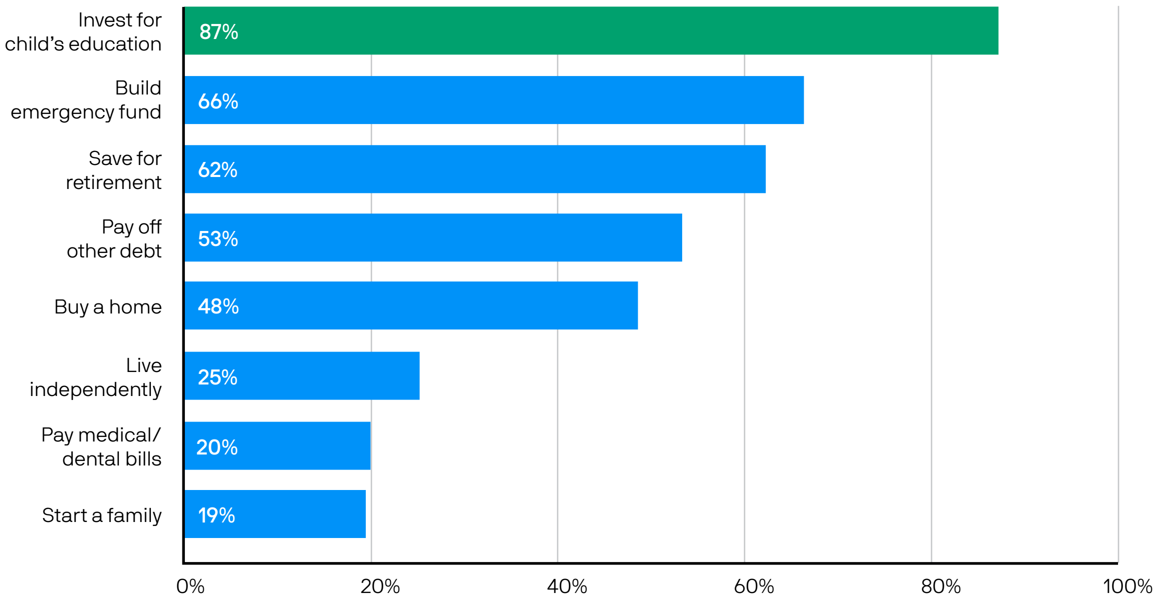
4x faster than college costs[3]

1. U.S. Department of Education, National Student Loan Data System. Data as of Q3 2021 for federal Stafford and parent PLUS loans.
2. Federal Reserve Bank of New York, *Household Debt and Credit Report*, Q2 2021.
3. The College Board, *Trends in College Pricing*, 2005 and 2021. Based on average tuition, fees, and room and board at an in-state, four-year public university.

The burden of student debt

Paying off college loans can negatively affect families, finances and future generations.

"Student loan payments affect my ability to:"



A heavy burden

Two in five families **borrow more than $50,000** for college.

Source: J.P. Morgan Asset Management, May 2020.

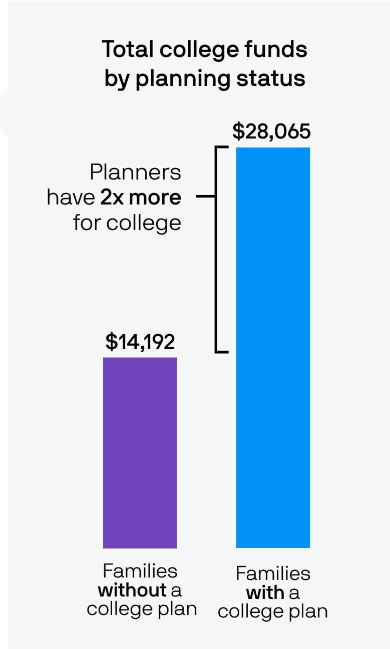
The power of a college plan

Families with a plan are better prepared for college costs than those without a plan.

College planners vs. non-planners[1]

More funds	**2x** more for college
Earlier starts	**2x** more likely to start investing for college by age 6
Less debt	**47%** less expected student loan debt

Do you have a plan?
Despite the benefits of a college plan, **42% of families don't have one.**[2]



1. Sallie Mae, *Higher Ambitions: How America Plans for Post-secondary Education*, 2020.
2. Sallie Mae, *How America Pays for College*, 2021.

Comparing college planning vehicles

Understanding the different college planning vehicles can help you choose the right one for your needs.

529 education plan

- **Tax-free investing** and withdrawals for qualified education expenses[1]
- **Account owner control** for the life of the account
- **No income limits** on contributors or age restrictions on beneficiaries
- High contribution maximums, often **$400,000 or more** per beneficiary[2]
- **Low impact** on financial aid eligibility
- **Assets removed** from taxable estate
- **Tax-free gifts** of up to $160,000 per beneficiary in a single year[3]

Custodial account (UGMA/UTMA)

- Some investment earnings may be **taxed at child's rate, the rest at parents' rates**
- **Child assumes control** at age of majority, usually 18 or 21
- Funds must be used for the child's benefit, **not necessarily for college**
- **High impact** on financial aid eligibility
- **Assets not removed** from taxable estate if donor is also custodian

Coverdell Education Savings Account

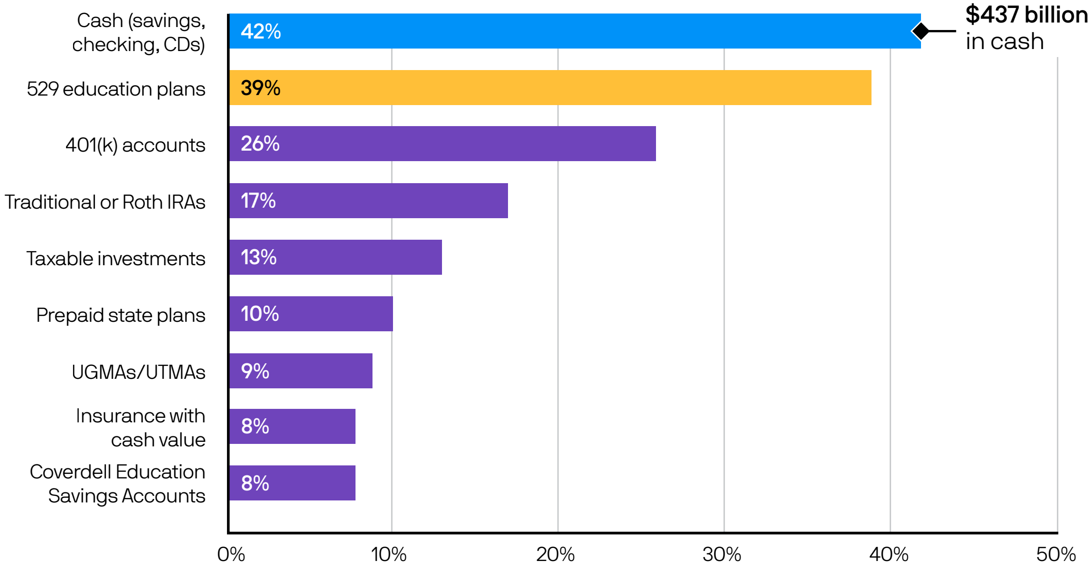
- **Tax-free investing** and withdrawals for qualified expenses at any level of education[4]
- **Must generally contribute before beneficiary turns 18** and use assets by age 30
- **Income limits** on contributors
- Maximum contribution of **$2,000 annually** per beneficiary
- **Low impact** on financial aid eligibility
- **Assets removed** from taxable estate

1. Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. New York State tax deductions may be subject to recapture in certain additional circumstances such as rollovers to another state's 529 plan, or withdrawals used to pay elementary or secondary school tuition, registered apprenticeship program expenses, or qualified education loan repayments as described in the Disclosure Booklet and Tuition Savings Agreement. State tax benefits for non-resident New York taxpayers may vary. Tax and other benefits are contingent on meeting other requirements. Please consult your tax professional about your particular situation.
2. The Program Administrators impose a maximum aggregate balance of all accounts for a single beneficiary in qualified tuition programs sponsored by the State of New York, which limits the amount of contributions that may be made for any one beneficiary, as required by Section 529 of the Internal Revenue Code. The current maximum account balance is $520,000.
3. Maximum gifts are $160,000 per beneficiary from married couples and $80,000 from single tax filers. No additional gifts can be made to the same beneficiary over a five-year period. If the donor does not survive the five years, a portion of the gift is returned to the taxable estate.
4. Earnings on non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes.

Don’t just save, invest

Families often choose vehicles that don’t maximize growth potential, such as savings accounts, CDs and taxable investments.

Percentage of families using[1]



1. ISS Market Intelligence, *529 Industry Analysis 2021*.
2. J.P. Morgan Asset Management. Illustration assumes an initial $10,000 contribution and monthly contributions of $500 for 18 years. Chart also assumes an annual investment return of 6% and an annual cash return of 1%, both compounded monthly. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.

How much to invest

See how much you should start investing or already have invested, based on a child's current age and your college funding plans.

New investors

Amount to start investing each month

Child's current age	Public college 50%	Public college 75%	Public college 100%	Private college 50%	Private college 75%	Private college 100%
	Monthly investment to pay:					
Newborn	$307	$461	$615	$700	$1,050	$1,401
3	$353	$529	$705	$803	$1,205	$1,606
6	$420	$630	$840	$957	$1,436	$1,915
9	$533	$799	$1,066	$1,214	$1,821	$2,428
12	$758	$1,138	$1,517	$1,728	$2,592	$3,456
15	$1,435	$2,153	$2,871	$3,270	$4,905	$6,540

Existing investors

Current balance or lump-sum investment to be on track

Child's current age	Public college 50%	Public college 75%	Public college 100%	Private college 50%	Private college 75%	Private college 100%
	Current balance or lump-sum investment to pay:					
Newborn	$41,228	$61,843	$82,457	$93,922	$140,883	$187,845
3	$42,417	$63,626	$84,835	$96,631	$144,947	$193,263
6	$43,641	$65,462	$87,282	$99,418	$149,128	$198,837
9	$44,900	$67,350	$89,800	$102,286	$153,429	$204,573
12	$46,195	$69,293	$92,390	$105,237	$157,855	$210,473
15	$47,527	$71,291	$95,055	$108,272	$162,408	$216,545

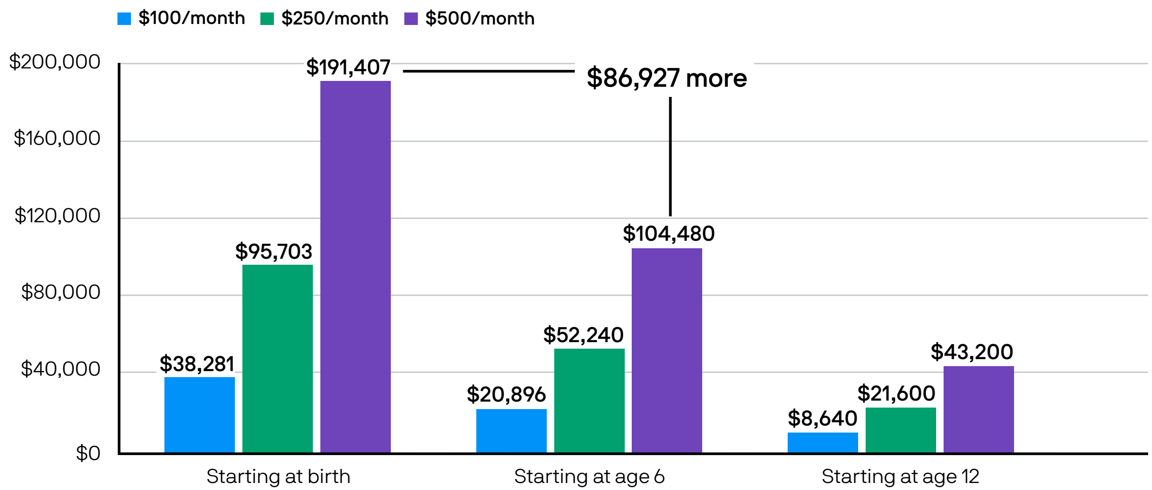
Source: J.P. Morgan Asset Management. Based on average tuition, fees, and room and board costs for 2021–22 school year, The College Board, *Trends in College Pricing and Student Aid 2021*. Costs estimated to inflate 5% per year. This hypothetical example illustrates the future values of different regular monthly investments and lump-sum investments with no additional contributions for different time periods, assuming an annual investment return of 6%, compounded monthly. This hypothetical example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. These figures do not reflect the impact of fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. A plan of regular investment cannot ensure a profit or protect against a loss in a declining market.

The benefits of compounding

The sooner you start investing, the more time you have to grow your college fund through the power of long-term compounding.

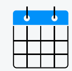
Start early; small contributions add up

Total amounts accumulated at different starting ages[1]



Put college investing on autopilot

Two-thirds of 529 plan users make automatic contributions from bank accounts or paychecks.[2]



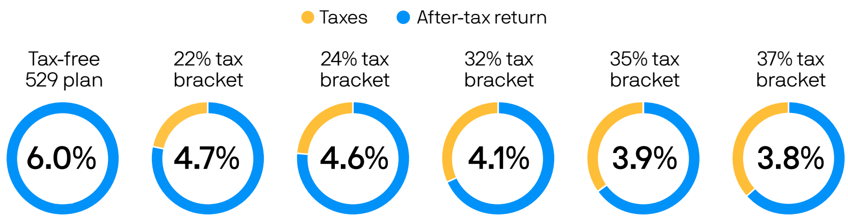
1. J.P. Morgan Asset Management. This hypothetical example illustrates the future values at age 18 of different regular monthly investments for different time periods. Chart also assumes an annual investment return of 6%, compounded monthly. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses. Such costs would lower performance. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. A plan of regular investment cannot ensure a profit or protect against a loss in a declining market. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.
2. ISS Market Intelligence, *529 Industry Analysis 2021*.

Tax-efficient investing

A tax-advantaged 529 plan has the potential to grow more quickly than a taxable investment earning the exact same returns.

Lower taxes equal a larger college fund
Investment growth over 18 years[1]

How taxes erode investment returns
After-tax returns on a 6% investment gain



State tax benefits

Many 529 plans offer state tax benefits in addition to federal tax-free investing.[2] See the Appendix on **page 42** for more information.

1. J.P. Morgan Asset Management. Illustration assumes an initial $10,000 investment and monthly investments of $500 for 18 years. Chart also assumes an annual investment return of 6%, compounded monthly, and a federal tax rate of 32%. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.
2. Earnings on non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes.

The 529 plan advantage

Benefit	What it means
Tax-advantaged investing	• **Tax-deferred compounding** of contributions and earnings • **Tax-free withdrawals** for qualified education expenses[1] • **Tax-deductible contributions** in some states
Estate planning benefits	• Contributions and investment gains **removed from taxable estate** • Option to make **five years of tax-free gifts in a single year** — up to $160,000 per beneficiary from couples and $80,000 from individuals[2] • **Only completed gift that can be revoked** under current laws
Control and flexibility	• Account owner retains **full control over assets** • **Can change beneficiaries** or transfer unused assets to certain other family members • Covers **any qualified expense** at accredited schools throughout the U.S. and overseas, including vocational and trade schools[3] • **Minimal impact on financial aid eligibility**
Accessibility	• **No income limits** on contributors • **No age limits** on beneficiaries or contributors
Affordability	• Very **low investment minimums** make it easy to get started • **High contribution limits**, often $400,000 or more per beneficiary[4]

Qualified education expenses

All 529 plans
Tuition & fees
Room & board
Books & supplies
Special needs services
Computers
& related equipment

Some 529 plans[5]
Education loan payments
K-12 tuition
Apprenticeship programs

Source: Internal Revenue Service.

1. Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. New York State tax deductions may be subject to recapture in certain additional circumstances such as rollovers to another state's 529 plan, or withdrawals used to pay elementary or secondary school tuition, registered apprenticeship program expenses, or qualified education loan repayments as described in the Disclosure Booklet and Tuition Savings Agreement. State tax benefits for non-resident New York taxpayers may vary. Tax and other benefits are contingent on meeting other requirements. Please consult your tax professional about your particular situation.
2. No additional gifts can be made to the same beneficiary over a five-year period. If the donor does not survive the five years, a portion of the gift is returned to the taxable estate.
3. To search for accredited schools, visit https://studentaid.gov/fafsa-app/FSCsearch.
4. The Program Administrators impose a maximum aggregate balance of all accounts for a single beneficiary in qualified tuition programs sponsored by the State of New York, which limits the amount of contributions that may be made for any one beneficiary, as required by Section 529 of the Internal Revenue Code. The current maximum account balance is $520,000.
5. Rules vary by state. Check with individual plans and your tax professional for more information.

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Making the most of college gifts

Only 529 plans allow five years of tax-free gifts in one year to help families meet college costs and manage estate taxes.

One gift at birth can pay for nearly four years of college

Contributor	2022 annual gift limit		Maximum tax-free 529 gift[1]	Investment growth over 18 years[2]	
Individual	**$16,000**	x5	**$80,000 per child**	$228,347	**Pays 97%** of projected four-year **public college** costs
Couple	**$32,000**	x5	**$160,000 per child**	$456,694	**Pays 85%** of projected four-year **private college** costs

All 529 plan gifts and investment gains are **removed from the contributor's taxable estate** — without losing control.

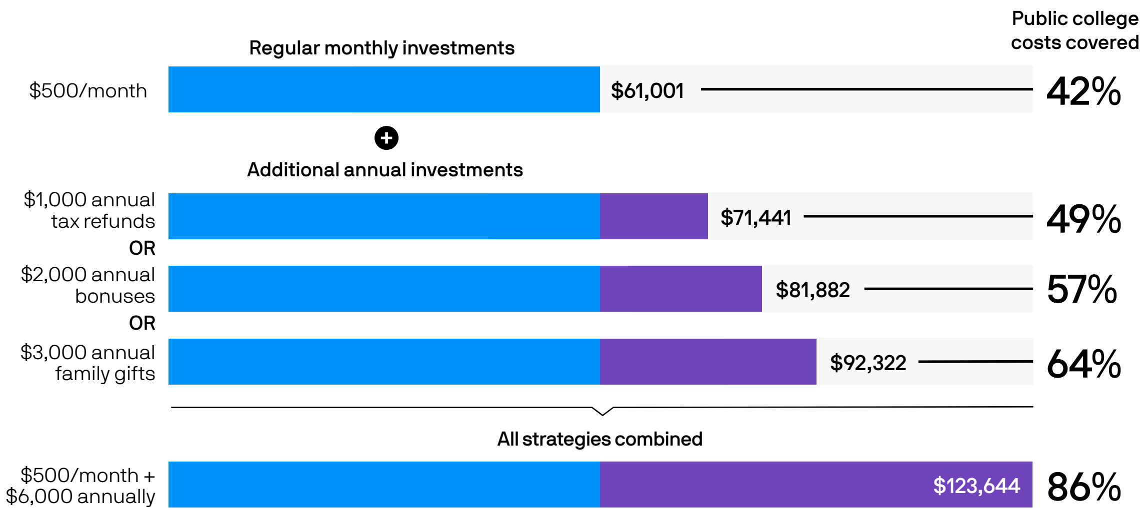
1. No additional gifts can be made to the same beneficiary over a five-year period. If the donor does not survive the five years, a portion of the gift is returned to the taxable estate.
2. J.P. Morgan Asset Management. Illustration assumes an annual investment return of 6%, compounded monthly. This example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. Investment losses could affect the relative tax-deferred investing advantage. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. Average projected four-year college costs are based on The College Board's *Trends in College Pricing and Student Aid 2021*, assuming 5% annual inflation. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.

Catching up on college funding

By funding 529 plans with manageable amounts from multiple sources, late starters may still have time to achieve their goals.

Combining investment strategies can increase college funds

Investment growth over 8 years



Source: J.P. Morgan Asset Management. This hypothetical illustration assumes an annual investment return of 6%, compounded monthly. Investment losses could affect the relative tax-deferred investing advantage. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. "All strategies combined" reflects $500 monthly investments, plus $6,000 in combined annual tax refunds, bonuses and family gifts. Projected four-year college costs are based on The College Board's *Trends in College Pricing and Student Aid 2021,* assuming 5% annual inflation. Projected college costs for this example are $144,490, which includes average tuition, fees, and room and board at an in-state public college. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. This example does not represent the performance of any specific investment and does not reflect any management fees or expenses that would be paid by a 529 plan participant. These costs would lower performance. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.

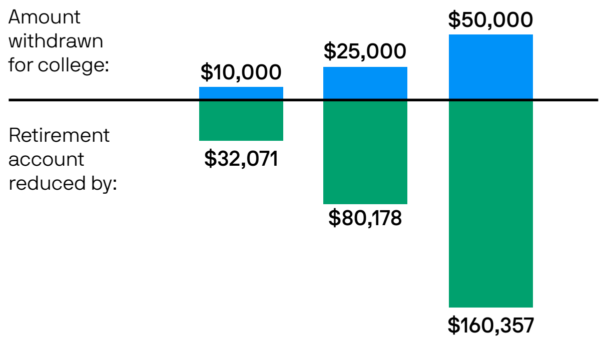
Don’t pay for college with retirement funds

Every dollar used for college can mean several less for retirement, due to years of lost investment earnings and compounding.

How college withdrawals can jeopardize retirement security[2]

A dangerous decision

Two in three parents would consider using retirement funds to pay for a child’s education.[1]



Retirement accounts may also be reduced by:

Potential taxes due on amount withdrawn[3]	**Potential 10% penalty** if under age 59½[3]

The relationship between retirement savings and college financial aid

0%
of retirement assets are considered in federal financial aid formulas while in the account.

50%
of withdrawals for college may count against federal aid as student income.

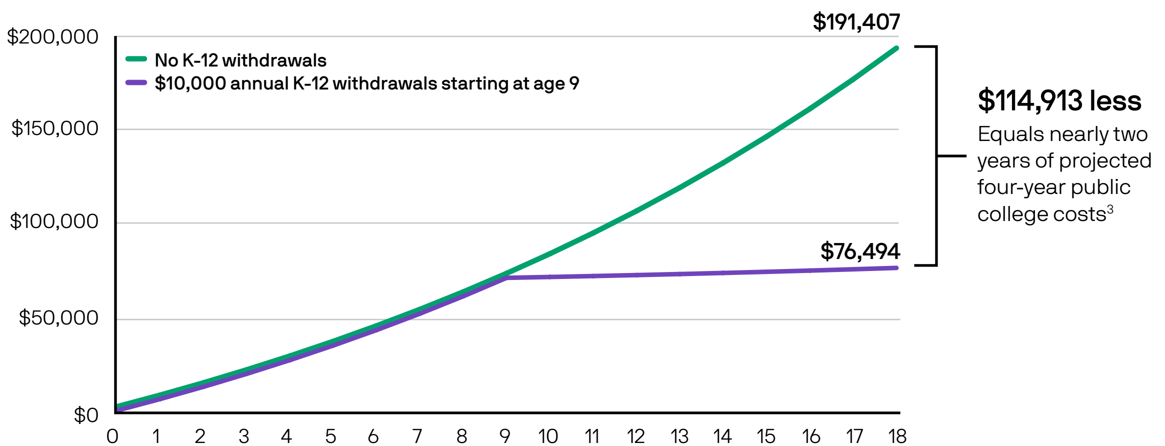
1. Student Loan Hero survey, July 2021.
2. J.P. Morgan Asset Management. This illustration assumes that assets would have remained in a tax-advantaged retirement account instead of being withdrawn for college, earning 6% annual investment returns for 20 years, compounded monthly. This example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. Investment losses could affect the relative tax-deferred investing advantage. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses. Such costs would lower performance. Shown for illustrative purposes only. Past performance is no guarantee of future results.
3. Distributions from certain retirement accounts, including IRAs, may not be subject to the 10% penalty tax if used for qualified higher education expenses. Income taxes may be due on withdrawals if certain requirements are not met. Refer to IRS Publication 970 or consult your tax professional regarding your personal circumstances.

How K-12 withdrawals impact college funds

Withdrawing money from a 529 plan before college can leave families with less during college.

The price of K-12 withdrawals

Growth of $500 monthly investments over 18 years[1]



Check your 529 plan

Annual withdrawals of up to $10,000 per beneficiary for private K-12 tuition are **free from federal taxes,** but state tax consequences may apply in certain states.[2]

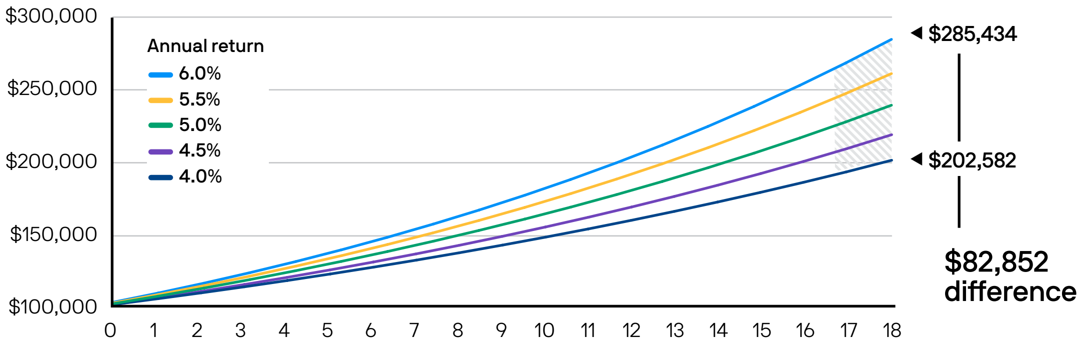
1. J.P. Morgan Asset Management. Illustration assumes an annual investment return of 6%, compounded monthly. It also assumes $10,000 annual K-12 withdrawals between ages 9 and 17. This example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. Investment losses could affect the relative tax-deferred investing advantage. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.
2. Under New York State law, withdrawals used to pay elementary or secondary school tuition, registered apprenticeship program expenses, or qualified education loan repayments are considered non-qualified distributions and will require the recapture of any New York State tax benefits that had accrued on contributions.
3. The College Board, *Trends in College Pricing and Student Aid 2021*, assuming 5% annual inflation. Based on average tuition, fees, and room and board at an in-state public college.

Performance pays

Even small increases in investment returns can make a big difference when it comes time to pay for college.

Small increases in returns, big impact on college funds

Growth of $100,000 investment over 18 years



Slightly higher returns can pay for full years of college

4.0%	4.5%	5.0%	5.5%	6.0%
$202,582	**+$18,266**	**+$38,080**	**+$59,565**	**+$82,852**
initial investment of $100,000	covers nearly a full year's cost at **public college**	covers nearly two full year's cost at **public college**	covers more than a full year's cost at **private college**	covers more than a full year's cost at **Ivy League college**

Seeking higher returns

- **Be an investor**, not just a saver in low-yielding bank accounts.
- **Stay invested** for the long haul to avoid the risk of being out of markets during upswings.
- **Reduce taxes** to keep more of what you earn.
- **Invest in actively managed funds** with potential to outperform passive indexes.

Source: J.P. Morgan Asset Management, using The College Board, *Trends in College Pricing and Student Aid 2021*. This hypothetical illustration assumes an investment of $100,000 over an 18-year period, with returns compounded monthly. Different assumptions will result in outcomes different from this example. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses. Such costs would lower performance. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision.

Staying diversified over 18 years

Compare the best, worst and average annual returns for different investments over rolling 18-year periods.

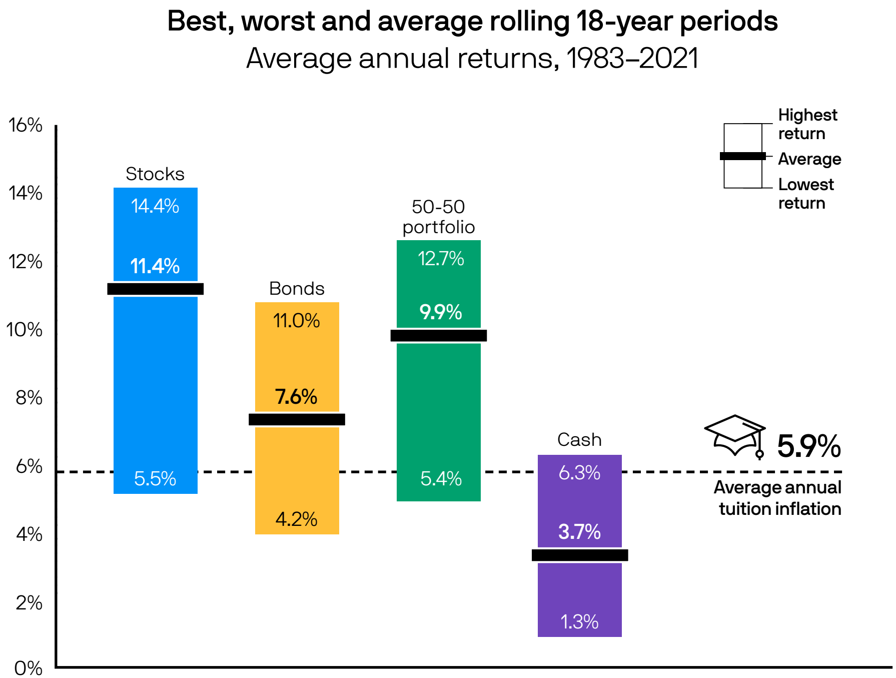


Chart highlights

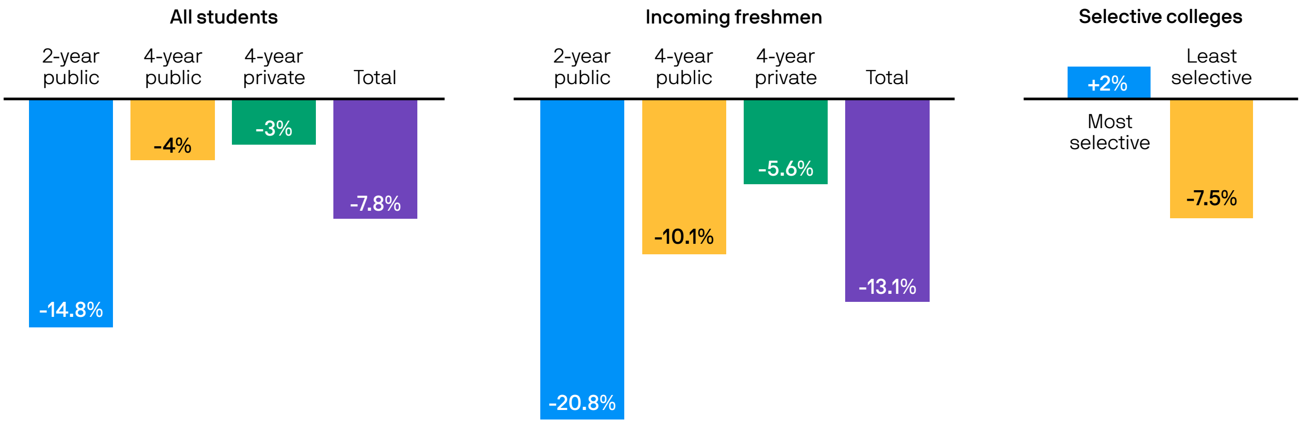
- Average returns for both stocks and bonds **outpaced tuition inflation**.
- The diversified portfolio delivered **higher returns** than bonds, with **lower volatility** than stocks.
- Average returns for short-term **cash did not keep pace** with tuition inflation.

Source: Barclays Capital, FactSet, Robert Shiller, Strategas/Ibbotson, Federal Reserve, BLS, J.P. Morgan Asset Management. Rolling returns shown are based on calendar-year returns from 1983 through 2021. Stocks are represented by S&P 500 Index, bonds by Bloomberg Barclays U.S. Aggregate Index and cash by Bloomberg Barclays U.S. Treasury Bellwethers 3M Index. Data are as of 12/31/21. Past performance is not indicative of future results. Diversification does not guarantee investment returns and does not eliminate the risk of loss.

College enrollment during COVID-19

Enrollment has increased only at the most selective colleges during the pandemic.

Undergraduate enrollment, 2021-22 vs. 2019-20[1]



Few colleges require test scores, but students are still taking them

4%
Colleges requiring SAT/ACT scores on applications[2]

71%
High school seniors taking a standardized test[3]

55%
Applicants submitting test scores to at least one college[3]

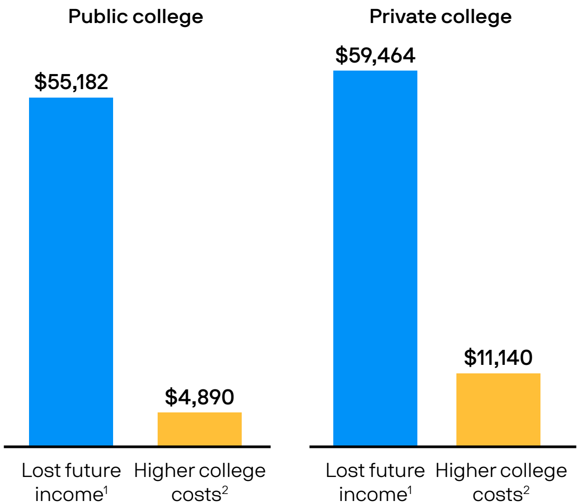
1. National Student Clearinghouse Research Center, October 2021. Based on Fall enrollments.
2. Inside Higher Ed, *2021 Survey of College and University Admissions Directors*. Based on a survey of 201 respondents.
3. Niche, *2021 Niche Senior Survey: College Search to Enrollment*.

Gap years

Gap years, or "deferrals," allow students to take time off before starting or returning to college.

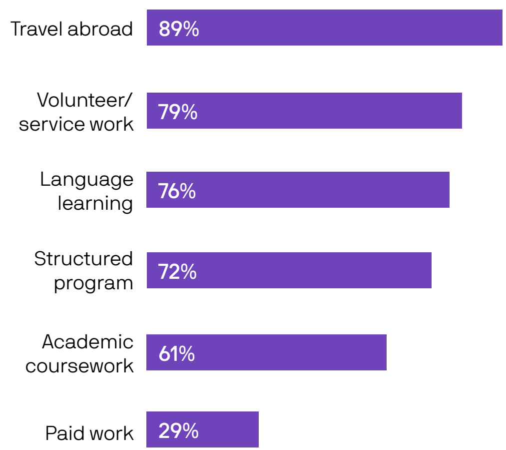
Costs of taking a gap year

Impact of delaying college and career one year



How students normally spend gap years

(percent responding[3])



Check with colleges

Some colleges don't allow gap years, and eligibility requirements, financial aid policies and other guidelines can vary widely from school to school.

1. J.P. Morgan Asset Management, using average starting salaries for public college graduates ($55,182) and private college graduates ($59,464) provided by the National Association of Colleges and Employers for the class of 2020. Illustration assumes gap-year students miss out on initial starting salary and then earn the same annual income as non-gap-year students throughout their careers.
2. J.P. Morgan Asset Management. Based on average tuition, fees, and room and board costs for 2021–22 school year, The College Board, *Trends in College Pricing and Student Aid 2021*. Costs estimated to inflate 5% per year for a high school senior electing to take a gap year before enrolling in college.
3. Gap Year Association, *Gap Year Alumni Survey 2020*.

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College preparation checklist

Planning in advance and filing early for financial aid may help students get into their preferred colleges.

High school junior		High school senior
Begin researching colleges Take PSAT/SAT/ACT	**September — November**	**Oct. 1:** File FAFSA Register for CSS Profile (if required) **Apply early decision/early action** Retake SAT/ACT (if needed)
Begin to formulate college list Retake SAT/ACT or continue test preparation Schedule college visits	**December — February**	Consider early decision acceptances **Submit regular decision applications**
Take SAT/ACT (if needed) Take AP exams	**March — May**	Consider regular decision acceptances **May 1: Make final decision/pay deposit** Take AP exams Finalize loan applications (if needed)
Finalize college list Visit colleges **Aug. 1:** Common App released online Begin applying for scholarships	**June — August**	Pay for Fall semester **College begins**

Source: J.P. Morgan Asset Management. For informational purposes only. Check with individual colleges regarding their application deadlines and policies.
See page 35 for additional resources.

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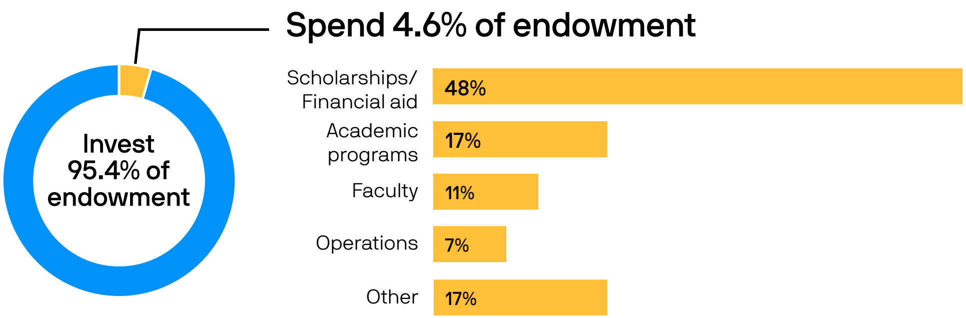
College endowments and financial aid

Endowments fund college scholarships and financial aid, but not enough to cover a typical family's costs.

What endowments do with money received from donors



Why not spend more?

Most endowments are meant to last in perpetuity, so they generally have limits on annual spending to **reduce the risk of running out of money.**

Few college students get the full benefit of endowments

100 biggest endowments	Average endowment
78% of all endowment assets More student aid, but usually **higher-cost colleges**	**$3.6 million spent on student aid** Enough to fund **only 159 full scholarships**

Source: *2020 NACUBO-TIAA Study of Endowments®*. Average endowment spending is based on a 4.6% spending rate, with 48% going to student aid. Full scholarship amount is based on The College Board's *Trends in College Pricing and Student Aid 2021*, using average tuition, fees, and room and board for four-year, in-state public college.

Financial aid and college planning websites

Federal financial aid

fafsa.gov

studentaid.gov

irs.gov

(IRS Publication 970, Tax Benefits for Education)

529 college savings plans

collegesavings.org

savingforcollege.com

College preparation

collegeboard.org

collegeconfidential.com

act.org

Grants and scholarships

goingmerry.com

fastweb.com

cappex.com

petersons.com

finaid.org

Aid for New York residents (including the Excelsior Scholarship)

hesc.ny.gov

Sources of financial aid

	Types of financial aid	Details
U.S. federal government	**Grants and scholarships** **Loans** **Work study** **Tax credits and deductions**	In addition to aid from the U.S. Department of Education, scholarships and loan repayment may be available to qualified students through other government entities.
States	**Grants and scholarships** May be available even if families aren't eligible for federal aid	Example: New York's Tuition Assistance Program offers grants of up to $5,665 per year to eligible residents attending approved New York State schools.
Colleges	**Grants and scholarships**	Aid may be available for attending a particular college and/or studying specific majors.
Nonprofit or private organizations	**Grants and scholarships**	Possible sources include charitable foundations, religious and community organizations, local businesses, ethnicity-based organizations, students' and parents' employers, civic groups, and professional associations related to a field of study.
Banks, credit unions or other lenders	**Private loans**	Tend to have higher interest rates and less flexible repayment options than federal loans.

Types of financial aid

Grants and **scholarships** are free gifts that generally don't have to be repaid.

Grants are typically **need-based**, while scholarships are **merit-based**.

Loans must be paid back with interest.

Source: studentaid.gov (U.S. Department of Education).

Financial aid: Types of applications

More than 200 mostly private, specialized or highly selective institutions require students to submit the CSS Profile in addition to the FAFSA.[1] The CSS Profile is an online application used to determine eligibility for need-based institutional scholarships, grants or loans and is a more detailed assessment of a family's finances.

	FAFSA (Federal Methodology)	**CSS Profile**[2] (Institutional Methodology)
Type of application	Standard, universal application required by every institution	College-specific application required by more than 200 institutions in addition to the FAFSA
Type of financial aid	Need-based federal and institutional aid	Need-based institutional aid
Income and assets considered when calculating Expected Family Contribution (EFC)	• Taxable income • Nontaxable income (child support, workers' compensation, disability, etc.) • Interest and dividend income • Cash, savings and investments • Family trusts • Student trusts • Investment and real estate net worth (excluding primary home) • Business or farm net worth[3]	**Same as Federal Methodology, plus:** • Untaxed Social Security benefits • Tax credits and itemized deductions • Parents' assets held in all children's names • Noncustodial parent information • Home equity • Business income (losses) • Rental income (losses)
Allowances and expenses considered when calculating EFC	• Number in household • Number of family members enrolled in college at least half-time • Federal income tax • State tax[4] • FICA tax • Employment expenses • Income protection allowance • Education savings and asset protection allowance • Child support paid	**Same as Federal Methodology, plus:** • Medical and dental expenses • Private elementary and secondary school tuition for siblings • Emergency reserve allowance

1. The College Board.
2. The CSS Profile may vary by institution. See financial aid office or net price calculator at your desired institution for more information about what is used to calculate awards.
3. Only if more than 100 full-time employees in the Federal Methodology.
4. Sales and property taxes also considered in the Institutional Methodology.

Federal student aid: A sample of grant programs

	Details	2021-22 award year[1] Annual award limit
Federal Pell Grant	Generally awarded to undergraduate students in financial need	up to **$6,495**
Federal Supplemental Educational Opportunity Grant (FSEOG)	• Awarded to undergraduate students with exceptional financial need • Federal Pell Grant recipients receive priority • Not all colleges participate • Funds depend on availability at the college; apply by college's deadline	up to **$4,000**
Teacher Education Assistance for College and Higher Education (TEACH) Grant	• For undergraduate, post-baccalaureate or graduate students who are taking or will be taking coursework necessary to become elementary or secondary teachers • Must attend a participating college and meet certain academic achievement requirements • Must agree to serve as a full-time teacher in a high-need field and low-income area for at least four years within the first eight years after college • Failure to complete the teaching service commitment results in grant funds being converted to a Federal Direct Unsubsidized Stafford Loan that must be repaid with interest	up to **$4,000**
Iraq and Afghanistan Service Grant	• Non-need-based, this grant is available to any undergraduate student who is not eligible for a Federal Pell Grant and whose parent or guardian died as a result of performing military service in Iraq or Afghanistan after the events of 9/11 • Must have been younger than 24 years old or enrolled in college at least part-time at the time of the parent's or guardian's death	up to **$6,495**

1. U.S. Department of Education. Awards are subject to availability of funds, and recipients must meet certain eligibility requirements. This is for informational purposes only. To learn more, visit https://studentaid.gov/understand-aid/types/grants.

Federal student aid: Loan programs

	Lender	Eligibility	Interest rate[1]	Annual loan limit[2]
Direct Subsidized Stafford Loans	U.S. Department of Education	Undergraduate students enrolled at least half-time and demonstrating financial need	**3.73%** Student not charged interest while in school and during deferment periods	**$3,500-$5,500** depending on year in school
Direct Unsubsidized Stafford Loans	U.S. Department of Education	Undergraduate and graduate students enrolled at least half-time, regardless of financial need	**3.73%** for undergraduates **5.28%** for graduate students Student responsible for interest during all periods	**$5,500–$20,500** (Minus any subsidized amount received for the same period), depending on year in school and dependency status
Direct PLUS Loan for parents	U.S. Department of Education	Parents of dependent undergraduate students enrolled at least half-time Parents must not have negative credit history	**6.28%** Parents responsible for interest during all periods	Cost of attendance (determined by the school) minus any other financial aid received
Direct PLUS Loan for graduate or professional students	U.S. Department of Education	Graduate or professional degree students enrolled at least half-time Student must not have negative credit history	**6.28%** Student responsible for interest during all periods	Cost of attendance (determined by the school) minus any other financial aid received

1. Interest rates apply to loans first disbursed between July 1, 2021, and June 30, 2022.
2. U.S. Department of Education. For more information, visit https://studentaid.gov/understand-aid/types/loans.

Other sources of college funding

Compared to these options, a 529 education plan is usually the better choice.

	How it works	Pros	Cons
Roth IRA	Withdraw retirement funds to pay for college	• No taxes or penalties when contributions withdrawn[1] • No penalty if investment earnings withdrawn for qualified higher education expenses • Assets not considered for federal financial aid	• Withdrawals treated as student income for federal financial aid • Withdrawals for college reduce retirement savings **(see page 27)** • Potential taxes on investment earnings withdrawn[2] • Annual contributions limited to $6,000 ($7,000 if age 50+) • Contributors subject to income limits; no gifts allowed from others • No state tax benefits
Life insurance	Withdraw or borrow against the cash value of a policy to pay for college	• Cash value grows tax-deferred; withdrawals generally tax-free[3] • Cash value not considered an asset for federal financial aid	• Withdrawals treated as student income for federal financial aid • Subject to fees, commissions and surrender charges • Loan interest not tax deductible • No state tax benefits
Home equity loan	Borrow against home equity value to pay for college	• Have fixed interest rates often lower than college loans • Not subject to borrowing limits of federal loans	• Interest not tax deductible when used for college • Unspent loan proceeds considered an asset for federal financial aid • Less repayment flexibility than federal loans • Risk of foreclosure if loan not repaid
Private loan	Borrow from bank, credit union or other lenders outside the U.S. government	• Interest may be tax deductible, subject to income limits • Higher borrowing limits than federal loans	• Interest rates often variable and higher than federal loans • Interest may be due while student is in college • Less repayment flexibility than federal loans • Often require cosigners

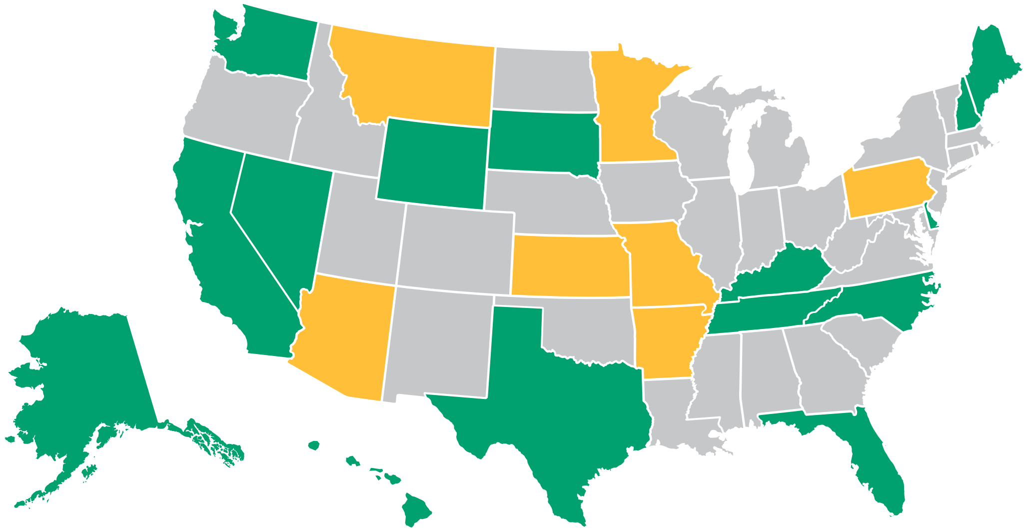
1. Subject to certain requirements. Penalties may be due if contributions from a converted account are withdrawn within five years of the conversion. Please consult a tax professional for additional details.
2. Withdrawals of investment earnings are tax free if the account owner is over age 59½ and the Roth IRA has been open at least five years. Please consult a tax professional for additional details.
3. If withdrawal amounts exceed the premiums paid, taxes may be due on the difference.

College-related tax breaks[1]

	Details	Income limits	Tax benefits
Tax-advantaged college savings plans	**529 plans** for four-year universities, graduate school, vocational-technical schools and community college	None	Contributions not typically deductible from federal taxes; **investments grow tax-deferred**, and **withdrawals are generally tax-free** for qualified expenses[2]
	Coverdell Education Savings Accounts for any level of education, from elementary school through graduate school	Single: $110,000 Married filing jointly: $220,000	
Federal tax credits[3]	**American Opportunity Tax Credit** for qualified expenses in the first four years of college	Single: $90,000 Married filing jointly: $180,000	Reduce taxes by up to **$2,500 per student each year** (100% of the first $2,000 of qualified expenses, and 25% of the next $2,000)
	Lifetime Learning Credit for qualified expenses in an unlimited number of years of college		Reduce taxes by up to **$2,000 per tax return each year**
Student loan interest deduction	For interest paid on student loans taken out for yourself, your spouse or dependents	Single: $85,000 Married filing jointly: $175,000	Reduce taxable income by up to **$2,500 each year**
State tax deductions	Some states allow deductible contributions to a 529 education plan for state income tax purposes	Varies by state	Varies by state; **see page 42** for more information

1. Must meet certain eligibility requirements. Information as of December 2021. Please consult a tax professional for additional details.
2. Tax-free withdrawals cannot be taken for the same expenses used to claim tax credits.
3. Taxpayers cannot claim both credits for the same student in the same year.

529 plans: State tax benefits[1]



Tax parity states

These states offer a tax deduction for contributing to **any 529 plan**, including out-of-state plans that may be more attractive than the in-state option: Arizona, Arkansas,[2] Kansas, Minnesota, Missouri, Montana, Pennsylvania.

Tax-neutral states

These states offer **no state tax deduction** for 529 plan contributions: Alaska, California, Delaware, Florida, Hawaii, Kentucky, Maine, Nevada, New Hampshire, North Carolina, South Dakota, Tennessee, Texas, Washington, Wyoming.

All other states

These states offer potential tax breaks on contributions made **only to in-state 529 plans.**

Look beyond your state

Nearly one in three 529 account owners **invests in plans outside their home state.**[3]

1. As of December 2021.
2. Arkansas also offers a state income tax deduction for contributions to 529 plans from other states; however, this deduction is less than the deduction for contributions made to Arkansas-based 529 plans. Consult the Arkansas plan for plan-specific information.
3. ISS Market Intelligence, *529 Industry Analysis 2021*. For investors working with financial professionals.

Index definitions and disclosures

Indices are unmanaged, and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

The **Bloomberg Barclays U.S. Treasury Bellwethers 3M Index** tracks the performance and attributes of the on-the-run (most recently auctioned) U.S. Treasury bill with 3 months' maturity. The index follows Bloomberg Barclays Capital's index monthly rebalancing conventions. It contains index history starting January 1, 1981.

The **Bloomberg Barclays Capital U.S. Aggregate Index** represents securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. This world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 Index focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. An investor cannot invest directly in an index.

Past performance is no guarantee of comparable future results.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise.

The price of **equity** securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk," meaning that stock prices in general may decline over short or extended periods of time.

Disclosures

Not FDIC Insured | No Bank, State or Federal Guarantee | May Lose Value

Before you invest, 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 that state's qualified tuition program.

The Comptroller of the State of New York and the New York State Higher Education Services Corporation are the Program Administrators and are responsible for implementing and administering New York's 529 Advisor-Guided College Savings Program (the "Advisor-Guided Plan"). Ascensus Broker Dealer Services, LLC serves as Program Manager for the Advisor-Guided Plan. Ascensus Broker Dealer Services, LLC and its affiliates have overall responsibility for the day-to-day operations of the Advisor-Guided Plan, including recordkeeping and administrative services. J.P. Morgan Investment Management Inc. serves as the Investment Manager. J.P. Morgan Asset Management is the marketing name for the asset management business of JPMorgan Chase & Co. JPMorgan Distribution Services, Inc. markets and distributes the Advisor-Guided Plan. JPMorgan Distribution Services, Inc. is a member of FINRA.

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New York's 529 College Savings Program currently includes two separate 529 plans. The Advisor-Guided Plan is sold exclusively through financial advisory firms who have entered into Advisor-Guided Plan selling agreements with JPMorgan Distribution Services, Inc. You may also participate in the *Direct Plan*, which is sold directly by the Program and offers lower fees. However, the investment options available under the Advisor-Guided Plan are not available under the *Direct Plan*. The fees and expenses of the Advisor-Guided Plan include compensation to the financial advisory firm. Be sure to understand the options available before making an investment decision.

The Advisor-Guided Plan is offered through financial intermediaries, including broker-dealers, investment advisers and firms that are registered as both broker dealers and investment advisers and their respective investment professionals. Broker-dealers and investment advisers are subject to different standards under federal and state law when providing investment advice and recommendations about securities. Please ask the financial professional with whom you are working about the role and capacity in which their financial intermediary acts when providing services to you or if you have any questions in this regard.

For more information about New York's 529 Advisor-Guided College Savings Program, you may contact your financial professional or obtain an Advisor-Guided Plan Disclosure Booklet and Tuition Savings Agreement at www.ny529advisor.com or by calling 1-800-774-2108. This document includes investment objectives, risks, charges, expenses, and other information. You should read and consider it carefully before investing.

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February 2022

529-CPE

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New York's 529 Advisor-Guided College Savings Program®

Entrust your college fund to one of the world's largest, most respected financial institutions. The Advisor-Guided Plan is the only 529 plan offering you full access to the insights and investments of J.P. Morgan.

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Broad diversification

- Access to asset classes and investment strategies **not often found in 529 plans**
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Investment expertise from J.P. Morgan Asset Management

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High contribution limit of $520,000 per beneficiary

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To learn more, please consult a financial professional, visit ny529advisor.com or call 1-800-774-2108.

1. As of 9/30/21.
2. Diversification does not guarantee investment returns and does not eliminate the risk of loss.
3. Deductions may be subject to recapture in certain circumstances, such as rollovers to another state's plan; distributions for tuition expenses in connection with enrollment or attendance at an elementary or secondary public, private or religious school; or non-qualified withdrawals.

New York's 529 Advisor Guided® College Savings Program

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