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# College savings report

April 3, 2019

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## College savings report

### Great job in getting this far!

Every step in setting up a 529 education savings plan is worth it because it's all in preparation for your child's future. Some 529 plans have to be opened by an advisor, and this guide can help you start the conversation and plan next steps.

#### Here are some questions to ask your advisor:

- How do I purchase a 529 education savings plan?
- What are the tax incentives for an in-state vs. out-of-state 529 plan?
- Do gift tax rules apply to 529 education savings plans?
- What are the fees and expenses for a 529 plan?
- What are the investment options available in a 529 plan?
- What are the best investments for my family's situation?

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# Your plan

Your child is **1 year old** would attend **Abilene Christian University<sup>2</sup>** in **2036**

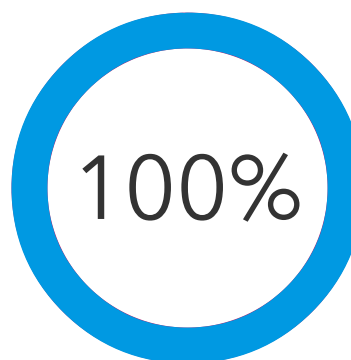
By then, the estimated tuition and fees would be **\$328,769**

Additional expenses like housing, books and meal plans would be **\$115,365**

Total college cost

**\$444,135<sup>1</sup>**

You're set to cover



You will have

**\$444,135**

Here's what we have calculated for you:

Your funding goal

**\$444,135****Fully 100%**

Starting Investment

**\$0**

Your monthly contribution

**\$1,060**

All costs are based on 5% hypothetical annual college inflation rate.  
All savings are based on 6% hypothetical annual growth rate.

# College savings strategies

## Take advantage of time.

Opening a college savings account as soon as possible and contributing regularly provides the opportunity for compounding growth over time. So the sooner you start, the more you could grow your savings, and the less you may have to borrow when it comes time for college.

## Consider a CollegeAmerica® 529 education savings plan.

CollegeAmerica offers the tax advantages, flexibility and control of investing in a 529 plan, plus built-in simplicity and quality investment options from the American Funds.

- Launched in 2002
- Chosen by more than 113,000 financial advisors and more than 1 million families nationwide
- The country's largest plan\*, with assets topping \$60 billion†

## Choose from three different investment approaches.

**American Funds College Target Date Series®:** Select the target date fund closest to the year in which the beneficiary will likely use the money. The portfolio automatically grows more preservation-oriented as college approaches; through periodic evaluation.

**American Funds Portfolio SeriesSM:** The Portfolio Series funds of funds available in CollegeAmerica are managed with specific investment objectives in mind: appreciation, balance or preservation. Select the option that best fits your time frame and risk tolerance.

**The American Funds:** The individual American Funds available in CollegeAmerica are good options if you want to build customized portfolios.

## Look for other ways to meet college costs.

There are other options to consider if you have a savings shortfall and are unable to increase the contribution amount to your college savings account.

**Invest monetary gifts.** using money from holiday and birthday gifts to fund a college savings account can make a meaningful difference.

**Explore grants and scholarships.** These awards are offered by federal, state and local governments, private and non-profit organizations and most colleges. The best part – grants and scholarships, in general, do not need to be paid back.

**Research student loans.** Student loans are offered by federal and most state governments and from private institutions, as well. Of course, student loans must be paid back along with any interest incurred.

**Take advantage of your local community college.** Beginning at a local community college before transferring to a university can reduce overall costs and provide access to an education that might otherwise be out of reach.

**Contemplate other colleges.** Run scenarios in our College Calculator using different schools to find other options that are a good fit for your family.

Largest by assets, according to the Q4 2017 529 College Savings Quarterly Data Update from Strategic Insight. † Source: American Funds. As of December 31, 2017, CollegeAmerica AUM is \$62.2B.

Visit [americanfunds.com](http://americanfunds.com) for more information about college savings strategies, CollegeAmerica 529 savings plans and American Funds College Target Date Series.

CollegeAmerica is a nationwide plan sponsored by **Virginia529™**

# Definitions & disclosures

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## Terms & definitions

**Projected college costs:** This is the anticipated total price of college (the sum of the projected costs for each year the student plans to attend college). To calculate these yearly costs, the calculator takes the current annual college cost and adjusts for inflation using the college inflation rate specified.

**Costs you plan to fund:** This is the portion of projected college costs you plan to cover (your savings goal).

**What you'll have:** This is the sum of all contributions (initial investment and subsequent contributions) and the hypothetical growth on those assets.

**Annual college inflation rate:** The yearly rate at which you anticipate college costs will rise. Used to determine future college costs, the rate is assumed at 5%, but can be changed based on school, type, region and other factors.

**Hypothetical annual growth rate:** This is the yearly rate at which you anticipate your investment (college savings) will grow. The calculator uses this figure to determine your projected savings.

## Calculation details

### Contributions

Monthly contributions begin on the last day of the same month that the calculator is run and continue uninterrupted through the month before the last college payment is made. Ongoing monthly contributions are made on the last day of every month. Since the last college expense falls in July for any given year, the last monthly contribution takes place in June of the same year.

Annual contributions begin on the last day of the same year (December 31) that the calculator is run and continue uninterrupted through the year-end before the last college payment is made. Since the last college expense falls in July for any given year, the last annual contribution takes place in December of the preceding year.

Contributions are made at the end of the month or year and therefore do not factor into the investment gains for that period.

### College costs

Current annual college costs increase at the annual rate of college inflation to determine projected college costs. College payments begin in January of the same year that the student begins college. During the college years, annual college costs are split equally between a January and July payment. Payments are deducted from the savings balance at the beginning of the month before the monthly investment growth is calculated. The calculator makes the last college payment in July before the final school year begins.

### Hypothetical growth

Savings grow at the hypothetical annual growth rate through January 1 of the last year of college.

### Difference you would need to save

If you come up short, the calculator provides the rate of savings (monthly or annual contribution amount) that, if applied, would have led to projected savings equaling the projected college costs (or portion of costs the user plans to fund).

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## Additional information

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The funds' allocation strategy does not guarantee that investors' education savings goals will be met. The target date is the year in which the beneficiary is expected to begin taking withdrawals. Investors and their advisors should periodically evaluate their investments to determine whether they continue to meet their needs. There are expenses associated with the underlying funds in addition to funds-of-funds expenses. The funds' risks are directly related to the risks of the underlying funds.

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Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses, summary prospectuses and CollegeAmerica Program Description, which can be obtained from a financial professional and should be read carefully before investing. Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses, summary prospectuses, CollegeAmerica Program Description and ABLEAmerica Program Description which can be obtained from a financial professional and should be read carefully before investing. CollegeAmerica is distributed by American Funds Distributors, Inc. and sold through unaffiliated intermediaries. CollegeAmerica and ABLEAmerica are distributed by American Funds Distributors, Inc. and sold through unaffiliated intermediaries.

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1. Source: Current annual college cost figures are obtained from Peterson's. The college costs may include tuition, room and board, and books and expenses as reported by Peterson's. Copyright © 2018 Peterson's, a Nelnet Company, and its licensees. All rights reserved.
2. If a college reports only one value for tuition, the calculator uses the same value for in-state and out-of-state costs. To verify in-state and out-of-state costs for a particular college, please contact the college directly

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