



COLLEGE SAVINGS

PLANS OF MARYLAND

Save here. Go anywhere.®

SEPTEMBER IS COLLEGE SAVINGS MONTH

HANDOUTS
FOR FAMILIES
INSIDE!



IMPORTANT INFORMATION FOR PTOs

Every fall, parents, teachers, and kids return to school with a renewed wish to work harder and learn more. It's the perfect time to start thinking about the importance of saving for college. That's why Scholastic and the College Savings Plans of Maryland have partnered to help share information and resources to make thinking about college savings more manageable.

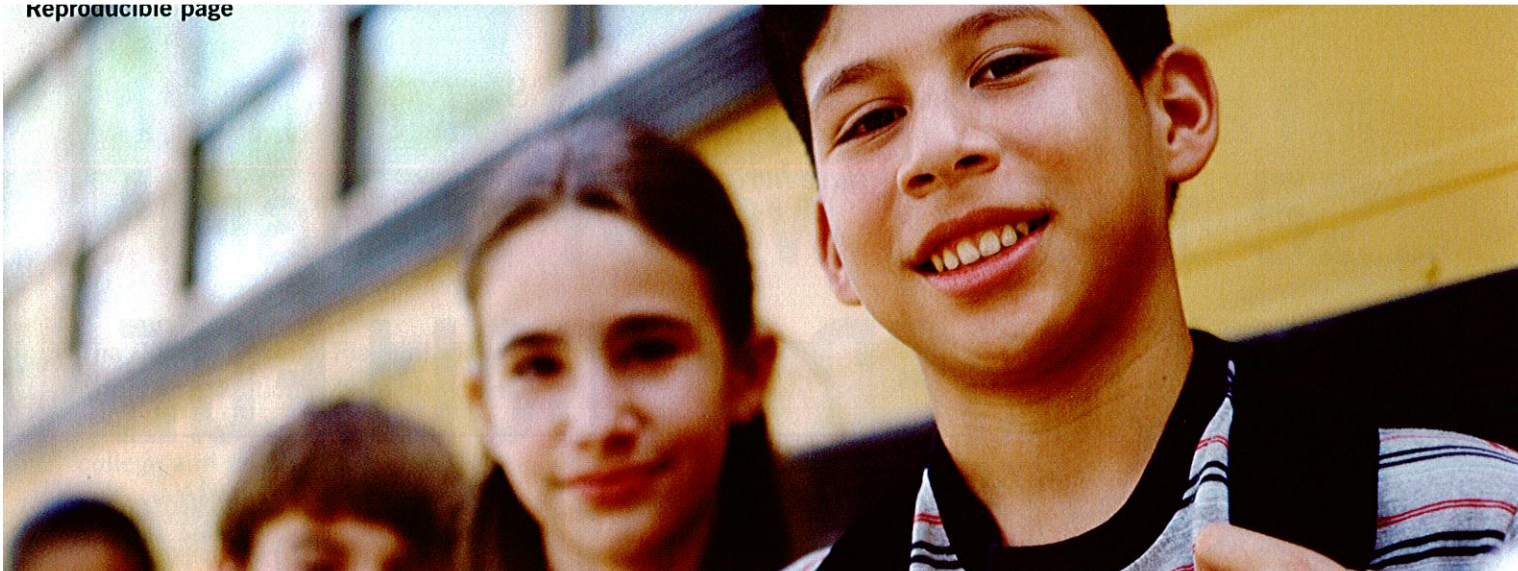
Inside, you'll find materials that we hope will help put your school's families on the path to savings success. Just copy the pages and hand them out at your next meeting!

Thank you and have a great school year!

—College Savings Plans of Maryland

Free "Start Smart" guides are also available! These eight-page booklets walk families through setting up a savings goal, creating a budget, understanding investing concepts, and saving with a 529 plan. To order the guides please send an email to mpct@collegesavingsmd.org. Include the following information in your email: name, full address, phone number, and order quantity. Please allow up to four weeks for processing.

 SCHOLASTIC



MANAGING YOUR COLLEGE INVESTMENTS

Saving for college and talking about it with your kids makes them feel more confident that they will go to college.*

What is a 529 plan? A 529 plan is a tax-advantaged plan designed to help families save for future college costs. There are two different types of 529 plans: savings (investment) plans and prepaid tuition plans. Prepaid tuition plans are designed to allow you to lock in tomorrow's tuition at today's prices. Savings (investment) plans allow you to invest money that can be used for a variety of college expenses, such as tuition, fees, room and board, and books. Many 529 plans offer college savers the following benefits, including:

NOT JUST FOR PARENTS

Anyone can open and contribute to a 529 plan. In fact, it's a great way for grandparents, relatives, or friends to save for a loved one's higher education. They can even make gift contributions to your account.

FEDERAL TAX BENEFITS

Your investments grow tax-deferred and any earnings on your contributions are tax-free when used for qualified education expenses.

STATE TAX BENEFITS

Many states offer state tax benefits for 529 plans. For example, the College Savings Plans

of Maryland are the only 529 plans to offer Maryland taxpayers an annual Maryland State income deduction on contributions of up to \$2,500.

NATIONWIDE

Savings can be used at nearly any college in the country. And it doesn't have to be a four-year college. You can use your savings toward eligible trade and technical schools. For a complete list of eligible institutions, visit fafsa.ed.gov.

RANGE OF PORTFOLIO OPTIONS

529 savings (investment) plans also offer many investment options to meet families' college savings goals including:

Enrollment-based portfolios: Essentially, these are target-date investments. You choose a portfolio that most closely matches the year your beneficiary will enter college. The portfolio's investments include a mix of stocks, bond, and money market mutual funds and the investments automatically shift as you approach that year. When your child is younger, the portfolio starts out with a heavy concentration in stock mutual funds to help maximize growth potential and then shifts over

time into a higher percentage of more stable bond and money market mutual funds with the goal of reducing volatility as college nears.

Fixed portfolios: Here, you'll invest in a portfolio with specific types of investments made up of various mutual funds. The mix of stocks, bonds, and short-term investments in fixed portfolios does not change over time.

ASK AN EXPERT

PARENTS ASK: Can I rely solely on scholarships and financial aid?

EXPERTS SAY: There's no guarantee that your child will get scholarships or qualify for financial aid. Even if your child qualifies for financial aid, it is often largely in the form of loans. If you save about \$70 a month for 18 years, you can get to an out-of-pocket investment of around \$15,000. When you add potential earnings to that amount, you could end up having around \$25,000 toward college costs.** On the flip side, if you borrow \$25,000, you'll have to pay about \$320 a month for 10 years. That will include about \$13,000 in interest over the life of the loan. That means you'll pay around \$38,000 out of pocket for \$25,000 in college expenses.***

*T.Rowe Price 2014 Parents, Kids & Money Survey.

**Assumes a 6% annualized return. This is a hypothetical example and is not intended to represent the performance of any specific investment.

***Assumes an interest rate of 8% annualized. Total loan period is 14 years: 4 years in college, plus 10-year repayment period. This depiction is for illustrative purposes and not representative of any particular investment or loan, and does not consider any investment or loan origination fees. Amounts reflected are adjusted to "today's" dollars and assume an inflation/discount rate of 3% annualized.



COLLEGE SAVINGS ACTION PLAN

A good savings plan can help your family understand your financial reality. Use this worksheet to chart a path that works for you!

SET A GOAL



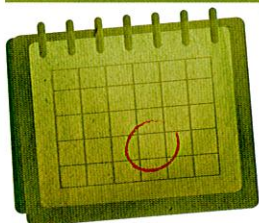
PARENTS! Do your planning here...

How much do you want to save for college?

KIDS! Do your dreaming here...

Write about (or sketch!) what you'd like to go to college to learn.

SET A TARGET DATE



How much time do you have to save for college?

Depending on your time horizon, consider different investment options.

How old will you be when you head to college?

Create a collage that shows what you might want to bring to school with you.

DO THE MATH



Make a list of your fixed expenses.

These are costs that don't change, such as rent or a car payment.

College is an amazing opportunity, but it's expensive.

What are you willing to give up (or cut back on) in order to help your family save? Ask yourself if this is more important than college?

Make a list of your variable expenses.

These are costs that change based on decisions you make, such as eating out or going to the movies.

CHOOSE A PLAN

Turn the page to find out more about 529 plans.

Sometimes it's tough to know when you *really* want something. So put your whole family on a 48-hour timer!

Every time someone wants to purchase something, write it on a sticky note along with the date, time, and the trade-off that they'd need to make to purchase the item. Put the sticky note on the fridge and wait 48 hours before making the final decision!



It's Time To Save For Your Child's Future

What To Know About 529s

The College Savings Plans of Maryland offers two Section 529 plans to help families prepare for the future cost of college and reduce future debt.

The Maryland Prepaid College Trust lets you lock in tomorrow's tuition at today's prices with affordable payment options and the security of a Legislative Guarantee.

The Maryland College Investment Plan, managed by T. Rowe Price, offers a variety of investment portfolios, flexible contribution amounts, and no sales loads, commissions, or enrollment fees.



Both Plans Offer Big Benefits

AFFORDABILITY

Start saving with as little as \$25 a month with the College Investment Plan, or start with a one-semester college plan in the Prepaid College Trust.

CHOICE

Your child can use both Plans toward nearly any accredited two-year or four-year college nationwide, including U.S. schools with campuses outside the country.

FLEXIBILITY

Both Plans give you options should your child receive a scholarship or grant, delay the start of school, or choose not to use the Plans for other reasons. The Plans also offer a broad range of investment strategies and payment options to fit your family's goals and budget.

TAX SAVINGS

Earnings in both Plans are tax-free when used toward eligible college expenses. Plus, the College Savings Plans of Maryland are the only 529 plans to offer Maryland taxpayers an annual Maryland State income deduction on contributions up to \$2,500.

Visit CollegeSavingsMD.org or call 888.4MD.GRAD (463.4723) to get started today.



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Please carefully read the Enrollment Kit, available online, which describes the investment objectives, risks, expenses, and other important information that you should consider before you invest in the College Savings Plans of Maryland. Also, if you or your beneficiary live outside of Maryland, before investing you should consider whether your state or your beneficiary's home state offers state tax or other benefits for investing in its 529 plan. State tax benefits may be conditioned on meeting certain requirements.

College Savings Plans of Maryland, Administrator and Issuer. T. Rowe Price Associates, Inc., Program Manager and Investment Adviser, Maryland College Investment Plan. T. Rowe Price Investment Services, Inc., Distributor/Underwriter, Maryland College Investment Plan.