

529 College-Savings Plans

With college education expenses rising faster than the overall inflation rate, saving for a child's future education is a daunting task. Fortunately, state-sponsored programs known as 529 college-savings plans help families meet this challenge.

A 529 college-savings plan is a state-sponsored investment account that receives preferential tax treatment. Investment options include a variety of mutual funds in stocks, bonds, and cash that can be either self-directed or managed by the state appointed investment management company. The assets grow as the investments increase in value and eventually can be withdrawn tax-free for qualified higher education expenses. Tax-free growth is powerful when you consider the growth potential over 18 years.

With their significant flexibility, 529 plans are an excellent method for most individuals to save for college. Account owners, typically parents or grandparents, can open a 529 plan in any state, and the account beneficiary may attend any accredited college. If the beneficiary does not attend college, the account owner of the 529 plan can change the beneficiary to another family member (broadly defined) and thus avoid a penalty. The plans also allow account owners to change the investment mix or move the assets to another state's plan if desired. Alternatively, assets can be withdrawn for non-educational purposes, but will be subject to taxes on any earnings, plus a 10% penalty.

Every state offers 529 plans requiring investors to determine which state's plan is most appropriate for them. In researching the 529 plan universe Vista screened for well-regarded managers (e.g. Vanguard, Fidelity, TIAA-CREF), low fees, superior investment diversification, and plans that offer age-based investing. Age-based investing allows the account owner to choose an initial portfolio (e.g. conservative, moderate, and aggressive) then sit back and watch the asset mix automatically adjust as the beneficiary approaches college age. Choosing an age-based option is the easiest way to invest within a 529 plan because it offers a disciplined approach that relieves the account owner of the responsibility for making ongoing investment decisions. This minimizes the chances of mistakes, neglect, and underperformance.

Vista's top choices are the Nevada plan—"The Vanguard 529 Savings Plan," and, for Oregon residents who take advantage of the annual state tax deduction, the **Oregon College Savings Plan** offered by TIAA-CREF. Vanguard and TIAA-CREF are highly respected firms known for their shareholder-friendly orientation and low-cost, broadly diversified index fund approach to investing. The Nevada and Oregon plans' low fees allow more of your investment returns to remain in the account versus other more expensive plans.

Many factors confront investors when considering saving for college. Vista believes the Nevada and Oregon 529 plans offer the best tools to confront this challenge. Below is a list of detailed step-by-step instructions for opening a 529 College-Savings Plan in the respective states.

Nevada's 529 College-Savings Plan Account setup instructions:

- [Vanguard - Invest With Vanguard - Invest Now](#)
- Click Invest Now.
- If you have an account with Vanguard sign in, otherwise click on the Open a new account link.
- Scroll down and select, The Vanguard 529 College-Savings Plan. Click Continue.
- Read the Getting Started page. Click Next.
- Read Consent to Terms and Conditions page. Click I Agree.
- Read Consent Agreement for Electronic Delivery. Select how you would like statements, confirmations, and fund reports and prospectuses delivered. Click Next.
- Select Individual 529 Account. Click Next.
- Fill out Owner Information page. This is the information for account owner, NOT for the child. Click Next.
- Fill out Beneficiary Information. This is for the child. Fill out Successor Owner Information. Click Next.
- Under Investment Selections, select Age-Based options. Click Next.
- Click the following link to see the asset allocations for the three age-based options. Select the one you feel most comfortable with. [Vanguard - 529 Plan Age-Based Investment Options](#) **Vista generally recommends selecting 100% for the Aggressive Age-Based Option.** Click Next.
- Select how you would like to fund your account. Click Next.
- Fill out the appropriate information to fund the account. Click Next
- Select Yes or No if you would like to continue to make Periodic Payments. Click Next.
- Verify all the account information is correct for the account owner, beneficiary, and funding options. Read disclaimer and click Sign.
- Look over confirmation. Print and save necessary documents.

Oregon's 529 College-Savings Plan Account setup instructions:

- [Oregon College Savings—Open an Account Today](#)
- Click Enroll Online.
- If you have an account with the Oregon College Savings Plan sign in, otherwise click on the Establish New Account.
- Read the Important Information About Procedures for Opening a New Account page. Click Continue.
- Fill out the Create User ID page. Click Continue.
- Fill out the New Account Application Electronic Delivery Consent Options. Click Continue.
- Fill out Account Owner Information page. This is the information for account owner, NOT for the child. Click Next.
- Fill out Beneficiary Information. This is for the child. Fill out Successor Owner Information if applicable. Click Next.
- On the Funding Your Account page choose your Investment Portfolio by entering the amount of the initial contribution, the method of payment, and select the box if would like the Automatic Contribution Plan. **Vista generally recommends selecting the Age-Based Portfolio** (the beneficiaries age should fall in the age range shown). Consent to the Electronic Purchase Privilege at the bottom of the page. Click Continue.
- Fill out the Optional Information page. Click Continue.
- Verify all the account information is correct for the account owner, beneficiary, and funding options. Click Continue.
- Read the Signature of Account Owner page. Click I Agree.
- Look over confirmation. Print and save necessary documents.