

## CollegeAmerica® 529 college savings plan

If one of your investment goals is to pay for a college education, you'll want to learn more about the CollegeAmerica 529 college savings plan.

A 529 college savings plan allows earnings to grow tax-free, and withdrawals for a beneficiary's qualified higher education expenses are free from federal tax. CollegeAmerica, a 529 college savings plan sponsored by Virginia College Savings Plan, features 23 of the American Funds and is available nationwide.



### Benefits of using a 529 plan

- **Earnings in the account can grow free from federal and state taxes, and withdrawals are free from federal tax** if used for qualified higher education expenses.
- **Assets may be used for higher education**, including undergraduate and graduate school, community college and technical and professional training. Tuition, fees, room and board, books and supplies, and certain other fees and expenses are all qualified higher education expenses. And for 2010, so are computers and certain computer-related expenses.
- **You can contribute up to \$13,000 a year** (\$26,000 for married couples) without gift-tax consequences. Or you may invest \$65,000 (\$130,000 for married couples) at one time by accelerating five years' worth of investments.
- **There are no income limits**, so 529 accounts are available to people of all income levels.
- **You can save for anyone** — your child, your grandchild, a niece or nephew or a friend. You can even open an account to pay for your own higher education needs. You may also change the beneficiary to another member of the beneficiary's family. And assets can be transferred — in whole or in part — among the 529 accounts of different family members.
- **You control the assets**, so you decide on the amount and timing of withdrawals. You can change the investment mix once a year and when you change the beneficiary.

### CollegeAmerica's unique features

- **You can invest in a range of the American Funds — 23 in all.** You may choose one fund or work with your financial adviser to design a portfolio of American Funds that fits your financial plan. Only CollegeAmerica offers a range of the American Funds.
- **Portfolios customizable to your goals.** CollegeAmerica allows you to choose a combination of funds that best fits your situation. As the beneficiary gets closer to college, you and your financial adviser can revise your investment mix once a year to fit your changed time horizon. You can also change the asset mix if you change beneficiaries.
- **You can invest until the value of your account reaches \$350,000.** Account value is calculated per beneficiary and includes assets in all plans administered by Virginia College Savings Plan, including CollegeAmerica, CollegeWealth®, Virginia Education Savings Trust<sup>SM</sup> and Virginia Prepaid Education Program.<sup>SM</sup>

### Other important information about 529 savings plans

- CollegeAmerica is available in all 50 states and the District of Columbia.
- If you withdraw money from a 529 college savings plan for purposes other than higher education, your earnings will be subject to federal income tax and possibly a 10% federal tax penalty.
- Your CollegeAmerica holdings could reduce your beneficiary's ability to qualify for grants and student loans.
- Some states give taxpayers a deduction or credit on their state tax bills for contributions to 529 savings plans sponsored by their state. *Depending on your state of residence, there may be an in-state plan that provides tax and other benefits not available through CollegeAmerica.* Talk to your tax adviser.

Talk to your financial adviser about how you can begin saving for college in a CollegeAmerica account.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Investors should carefully consider the investment objectives, risks, charges and expenses of the American Funds and CollegeAmerica. This and other important information is contained in each fund's summary prospectus and/or prospectus and the *CollegeAmerica Program Description*, which can be obtained from a financial professional and should be read carefully before investing. CollegeAmerica is distributed by American Funds Distributors® and sold through unaffiliated intermediaries.