



529 GUAM COLLEGE SAVINGS PROGRAM



What is a 529 College Savings Plan?

A 529 college savings plan is a state-sponsored investment plan that enables you to save money for a beneficiary and pay for education expenses. You can withdraw funds tax-free to cover nearly any type of college expense.

Features & Benefits of a 529 Savings Plan

Like many 529 plans, the Guam College Savings Program is an investment account used for education savings that offers amazing tax benefits.

A 529 plan can be a smart strategy to prepare for the costs of college expenses. These plans offer several benefits that can help make the most of the money you invest for college.

✓ Your choice of higher education institutions in the U.S.

You can use the Guam College Savings Plan assets to pay for qualified expenses at any accredited institution of higher education in the country, as well as at many foreign institutions.

✓ Tax Advantages

The earnings from your Guam College Savings plan are not subject to federal tax, as long as you use them for qualified education expenses.

✓ Stay Flexible

As the owner, you can select anyone you want to be the beneficiary of your Guam College Savings Plan account. You can change the beneficiary at any time to another member of the beneficiary's family including siblings, parents and cousins.

✓ Gifts Galore!

Another great feature is the gift of giving! Anyone can contribute to your child's 529 savings plan. Relatives are able to gift contributions that will go directly into the account. Every little bit will help.

✓ Lifetime contributions up to \$300k

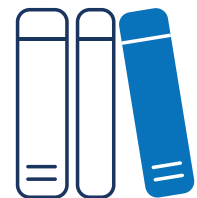
✓ Wide range of investment options, including ASC Target Date Funds



Save for educational expenses



Choice of higher education Institutions in the U.S.



Tax-free withdrawals when used for eligible expenses



Stay Flexible



Lifetime contributions up to \$300K



529 Plans Compared to Other Savings Plan

	529 Plans	Coverdell ESAs	UGMA/UTMAs	Roth IRA
Participant controls assets	✓	✓		✓
Qualified distributions are tax-free	✓	✓		✓
Unlimited tax-deferred earnings	✓			✓
Use for any expenses without penalty		✓		
No income restrictions	✓		✓	
Gifts up to \$75k per beneficiary*	✓		✓	

*In order for an accelerated transfer to a 529 plan (for a given beneficiary) of \$85,000 (or \$170,000 combined for spouses who gift split) to result in no federal transfer tax and no use of any portion of the applicable federal transfer tax exemption and/or credit amounts, no further annual exclusion gifts and/or generation-skipping transfers to the same beneficiary may be made over the five-year period, and the transfer must be reported as a series of five equal annual transfers on Form 70, United States Gift (and Generation-Skipping Transfer) Tax Return. If the donor dies within the five-year period, a portion of the transferred amount will be included in the donor's estate for estate tax purposes.

Invest in a Lifetime

Your advisor can help build your plan



Spend less time managing investments

Many 529 plans offer all-in-one portfolios that automatically rebalance and change their asset mix based on your child's age. Keep in mind, however, that our age-based options are generally designed for higher-education savings and may not be appropriate for K-12 time horizons.



84% of people with a **Bachelor's Degree** earn more over a lifetime than high school graduates.



Frequently Asked Questions

What is a 529 plan?

The 529 plan was created by the Internal Revenue Code Section 529 to help individuals meet the rising cost of higher education. The money that is contributed to a 529 plan grows tax deferred and may be withdrawn tax free to pay for qualified education expenses.

Until recently, Guam residents had to open 529 accounts with a provider in the U. S. mainland and was subject to that states' tax laws. Effective January 2008, the 529 Guam College Savings Program was signed into Law so that Guam residents would be able invest under Guam's tax laws.

What expenses are covered by the 529 plan?

Money in the account can be used to pay for qualified education expenses of eligible schools. Qualified expenses include tuition and fees, the cost of books, supplies, and other equipment, and the cost of room and board.

Does the 529 Guam College Savings Program only cover cost for colleges on Guam?

No. The plan covers expenses for any college or trade school that is eligible to participate in the U.S. Financial Aid Program.

Who can open a 529 Plan?

The Program is open to all U.S. citizens and resident aliens with a valid Social Security or taxpayer identification number. The account owner need not be related to the beneficiary. Each account may have only one beneficiary, but you can open more than one account for the same person. You can also open accounts for as many beneficiaries as you'd like. You can even open an account for yourself.

Who can contribute to the account?

Anyone can contribute to an account, but only the account owner has control over the assets in an account.

Who controls the money of the account?

The person who signs the account application for the program is the account owner and maintains control over how the money in the account is used. The beneficiary does not have any control over the account even though they have reached legal age.

Are there age or income limitations for participating in a 529 plan?

Anyone can participate in a 529 plan regardless of income of the account owner and in most states, regardless of the age of the beneficiary.

Is there a minimum or maximum contribution amount requirement?

There are no minimum contribution requirements. The current maximum contribution limit is \$300,000 per account.

What are the tax advantages/consequences of a 529 Plan?

The money that is contributed to a 529 plan is not tax deductible to the individual making the contribution but the earnings on the investments grow tax deferred. The money in the account may be withdrawn tax free to pay for qualified education expenses of the beneficiary. If the money is withdrawn for non-qualified expenses, the earnings (not the contribution amount) would be subject to applicable state and federal tax plus a 10% federal tax penalty on the earnings.

Are there other tax benefits with the program?

In 2023, an individual may contribute up to \$17,000 annually (\$34,000 for married couples filing jointly) without paying gift taxes or filing a gift tax return (assuming no other gifts are made to the beneficiary in the same year).

What are the benefits of accelerated gifting?

Accelerated gifting or "superfunding" is a special provision of 529 plans that permits an individual to combine five years of contributions (the current year plus four future years) in a single year without being subject to gift taxes while reducing the value of their estate by contributing up to \$85,000 (\$170,000 for married couples filing jointly in 2023) per beneficiary (this amount is subject to "add-back" in the event of the participant's death within five years and also assumes no other gifts are made to the same beneficiary during the same period). No additional gifts may be made until five years have passed. An individual can do this for as many children as they want. This can be useful to reduce their taxable estate.

A large one-time gift to a 529 plan can benefit from compounded growth, especially if it's made when the child is born and has 18 years to grow.



What if my child doesn't go to college?

You have several options available if the beneficiary decides not to go to college:

- Change the beneficiary to a member of the beneficiary's family.
- Defer use of your savings and leave contributions invested in the account.
- Withdraw the assets in your account for a "non-qualified" distribution (a distribution that is not for qualified higher education expenses). As stated above, earnings (but not contribution amounts) would be subject to applicable state and federal tax plus a 10% federal tax penalty on the earnings.

How can I change the beneficiary on an account?

Each 529 plan can provide the forms necessary for changing the beneficiary on an account. Contact your 529 plan to determine the specific requirements and forms necessary to complete this procedure. Depending on the relationship of the new and old beneficiaries, changing the beneficiary of an account may trigger a taxable event, which could also include a penalty, gift tax or both.

Who qualifies as a family member of the beneficiary?

A qualifying family member includes:

- Natural or legally adopted children
- Parents or ancestors of parents
- Siblings or step-siblings
- Stepchildren
- Stepparents
- First cousins
- Nieces or nephews
- Aunts or uncles

How is the money invested?

ASC's offers two types of Profile Allocation Services:

1. Risk - Based Allocation Service
2. Age - Based Allocation Service

These portfolio management programs give an individual who lacks time or expertise, a convenient way to allocate their funds and to rebalance their assets on a periodic basis.

Can you change investment options once you have opened an account?

You may transfer all or any portion of the funds already invested in a particular Investment Option to another Investment Option once per calendar year or upon a change of the Beneficiary of your Savings Trust Account to a Member of the Family of the Beneficiary. However, each time a new contribution is made to an account, the investor can select a different investment option for the new contribution into the plan.

Are there restrictions regarding a 529 Plan and Education IRAs?

Beginning in January 2002, individuals can contribute to both 529 plans and Education IRAs (now called Coverdell Education Savings Accounts). The Economic Growth and Tax Relief Reconciliation Act of 2001 permits contributions to the Coverdell Education Savings Account to cover K-12 education expenses on a tax favored basis. Individuals may benefit by funding a 529 plan for the child's college expenses and utilizing the Coverdell Education Savings Account to cover elementary and secondary schools (K-12), as well as any college, university, vocational school, or other postsecondary educational institution expenses.

If I contribute to a 529 plan, can I also claim a Hope Scholarship or Lifetime Learning Credit?

The beneficiary or the beneficiary's parent may claim a Hope Scholarship Credit or Lifetime Learning Credit for qualified tuition and related expenses, provided other eligibility requirements are met, but cannot use the same expenses to justify a tax- free distribution from a qualified tuition program.

How will participating in a qualified tuition program affect federal financial aid eligibility?

When it comes to financial aid, ANY assets that you or the beneficiary own (not just 529 plan assets) can affect your eligibility for need-based financial aid. With 529 plans, your account is considered to be an asset of the account owner. Assuming the account owner is the parent this means that, on average, about 5.6 percent of the value of the account is considered in determining the Expected Family Contributions (EFC).

The EFC is the amount the family of the beneficiary is expected to pay toward that beneficiary's higher education. With many other savings vehicles, such as a custodial accounts or assets that are in the name of the student, 20 percent of the value of the assets is considered in determining the EFC.

The majority of need-based financial aid is in the form of student loans, so whatever savings you accumulate for college expenses may help reduce the parent's or student's future debt load.

What are the fees to open up a 529 plan with ASC Trust?

Quarterly Program Account Fee:	\$12.50
Quarterly Asset Wrap Fee:	0.263% Assets \$0-\$99,000
	0.211% Assets \$99,001-\$249,999
	0.158% Assets \$250,000+

It is our policy to recover Gross Receipt Taxes where applicable. For more information, please contact ASC Trust at (671) 477-2724 or visit our website at www.asctrust.com.

GUAM COLLEGE SAVINGS PROGRAM NEW ACCOUNT REGISTRATION

Welcome to the **Guam College Savings Program** managed by ASC Trust. Please complete this application including all relevant information about the account owner(s), beneficiary, means of funding the account and investment selection.

1. Account Registration *(Parent/Guardian Information)*

Please select one of the options below.

☐

A. INDIVIDUAL Copy of government-issued identification document required (e.g. driver's license, passport, permanent resident card).

Individual 529 accounts are owned by the Participant for the benefit of the designated beneficiary on the account. The Participant maintains control of the account and can change the designated beneficiary.

☐ Mr. ☐ Mrs. ☐ Ms. ☐ Dr. Transferring from UTMA/UGMA? ☐ Yes ☐ No

Account Owner's Full Legal Name *(First Name, Middle Name and Last Name)* *Enter full first and last name as evidenced by a government-issued, unexpired document.

Date of Birth *(mm/dd/yyyy)*

Social Security Number

Citizenship* ☐ U.S. ☐ Resident Alien

*Non-resident aliens are not eligible to participate in the program.

Residential Address *(Where you live)* *Your legal address used for tax reporting. (No P.O. Boxes)

City

State

Zip Code

Mailing Address *(If different from above)*

City

State

Zip Code

Primary Contact Number

Secondary Contact Number

Email Address

*Your mobile phone number and email are required for account security, transactional alerts, and delivery of other communications.

☐

B. TRUST Copy of trust document required.

Name of Trust

Date of Trust *(mm/dd/yyyy)*

Trust's Taxpayer Identification Number

Trustee* *If more than one Trustee, attach a sheet with additional Trustees including Name, Date of Birth, Social Security and Permanent Address)

Date of Birth *(mm/dd/yyyy)*

Social Security Number

Check one:

☐ Governmental Entity ☐ Tax-Exempt Organization ☐ Company ☐ Corporation ☐ Other _____

☐

C. ORGANIZATION

Name of Entity/Organization

Entity's Taxpayer Identification Number

Name of Person Authorized to Transact on this Account

2. Designated Beneficiary Information *(Child/Student Information)*

The Designated Beneficiary is the student whose qualified education expenses can be paid from this account.

Account Owner's relationship to Beneficiary *(Select one)* ☐ Parent ☐ Grandparent ☐ Other _____

Beneficiary's Full Legal Name *(First Full Name, Middle Name, Last Name)*

Date of Birth *(mm/dd/yyyy)*

Social Security Number

*Enter full first and last name as evidenced by a government-issued, unexpired document.

Residential Address *(Where the student resides)*

City

State

Zip Code

Mailing Address *(If different from above)*

City

State

Zip Code

Beneficiary's Primary Contact No.

Secondary Contact No.

Email Address

Provide the anticipated year the Designated Beneficiary will begin college: 20 _____

Note: If no year is entered, we will add 18 years to the Designated Beneficiary's date of birth if the birth month is January through August and 19 years if the birth month is September through December.



Account Owner's Name (Last Name, First Name, Middle Initial)

Social Security Number

Beneficiary's Name (Last Name, First Name, Middle Initial)

Date of Birth (mm/dd/yyyy)

3. Contribution Information (Funding the college savings account)

You have several easy ways to contribute or fund your account. Please select one of the following contribution options below.

☐

A. SEND A CHECK

Make check or money order payable to:

ASC Trust

Check MEMO: Guam College Savings Program

You may make additional contributions* at any time (subject to a \$300,000 maximum limit).

\$

Enclosed check amount.

☐

B. ROLLOVER from another Qualified Tuition Program

☐

C. TRANSFER from UGMA/UTMA, Coverdell ESA or US Savings Bond

☐

D. ELECTRONIC FUNDS TRANSFER (EFT) from your bank account

❗ Include copy of voided check or bank certification that contains the valid routing number and bank account number.

EFT allows you to electronically transfer funds between your bank or other financial institution. You **must be the owner of the account** at the other financial institution. You will need to attach a voided check, deposit slip, or bank certification with the account number and all owner names preprinted on it.

Please provide bank information below to set up the EFT.

Check one.

☐

a. Checking Account No.

☐

b. Savings Account No.

Owner(s) Name(s) Exactly as on Bank Account

Bank Name

Bank Routing/ABA Number

Start Date of Deductions (mm/dd/yyyy)

\$

Amount to be transferred

Check one:

☐

a. Monthly (choose one): ☐ 5th or ☐ 20th

☐

b. Semimonthly: 5th & 20th of each month

☐

c. Other:

I hereby authorize the Program Manager to initiate debit entries to the bank account indicated above, and the bank indicated above to debit the same amount. This authority is to remain in full force and effect until the Program Manager has received written notification from me of its termination in such time as to afford the Program Manager 10 business days to act on it. In the case of unsuccessful debits, I understand that the Program Manager reserves the right to cancel this authorization and that the Program Manager will notify me in writing of such action. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of applicable law. I further agree, if my draft is dishonored for any reason, with or without cause, the Program Manager will not bear any liability.

X

Signature of Bank Account Owner

Date

X

Signature of Joint Bank Account Owner

Date

Authorization must be received approximately 10 business days prior to the first transfer date. The Program Manager, on behalf of the Guam College Savings Program, will provide you with a copy of this authorization and information on the date of the first transfer.

Account Owner's Name (Last Name, First Name, Middle Initial)

Social Security Number

Beneficiary's Name (Last Name, First Name, Middle Initial)

Date of Birth (mm/dd/yyyy)

4. Investment Selection

For complete information about selecting a portfolio, review the ASC Profile Service packet.

Your initial and future contribution(s) will be invested in the portfolio based on your following selection. **Transfers between investments are permitted only once a calendar year.** Individual mutual fund is not available in this program and is limited to the listed profile options.

Please **select one** of the following options below:

☐ **OPTION A: Age-Based Allocations**

If you'd like to free yourself from the task of adjusting your allocation, consider the **Age-Based Allocation Option** (Years to Enrollment). With this option, for as long as you choose to remain invested, we will adjust your asset allocation for you, according to a predetermined schedule. As your beneficiary grows older (enrollment gets closer), your assets automatically move through a series of portfolios that gradually adjust from more aggressive allocations, made up of mostly equity funds, to more conservative allocations, made up of mostly fixed income funds.

☐ **OPTION B: Risk-Based Allocations**

The risk-based Asset Allocation Options allow you to have your contributions invested with your tolerance for risk. **Please select one of the following profiles:**

- ☐ a. Conservative
- ☐ b. Balanced
- ☐ c. Aggressive

Please **select one**.

☐ Investment Allocation will be based on the following College Enrollment Year:

OR

☐ Your Child's Date of Birth

(mm/dd/yyyy)

5. Successor Account Owner

The person or entity named below will be the **Successor Account Owner** in the event of the death of the Account Owner. Please note: THE SUCCESSOR PARTICIPANT MUST BE AT LEAST 18 YEARS OF AGE AND A U.S. RESIDENT. You may update the Successor Account Owner on this Account at any time.

Successor Account Owner's Full Legal Name (Last Name, First Name, Middle Initial)

Date of Birth (mm/dd/yyyy)

Social Security Number

Relationship to Participant

Date of Trust (mm/dd/yyyy)

Trust's Taxpayer Identification No.

Mailing Address

City

State

Zip Code

Primary Contact No.

Secondary Contact No.

Email Address

6. Authorization

You have just completed the account application that creates a valuable key to your child's future!

By signing below, I certify that I have received and agree to all the terms and conditions set forth in the Plan Disclosure Statement and Account Agreement, which is incorporated by reference herein.

I acknowledge that ASC Trust is required by law to obtain certain personal information about me, which will be used to verify my identity. My Account may not be opened if I do not provide this information. I further acknowledge that ASC Trust reserves the right to close my Account, or take reasonable steps, if it is unable to verify my identity.

I certify that the information I have provided on this application—and all future information I will provide with respect to my Guam College Savings Program Account—is true, complete, and correct. I authorize ASC Trust to open and maintain an account(s) based on this information. I represent that I am of legal age and have legal capacity to make this purchase.

X

Signature of Account Owner/Custodian/Trustee

Print Name

Date

X

Signature of ASC Representative

Print Name

Date