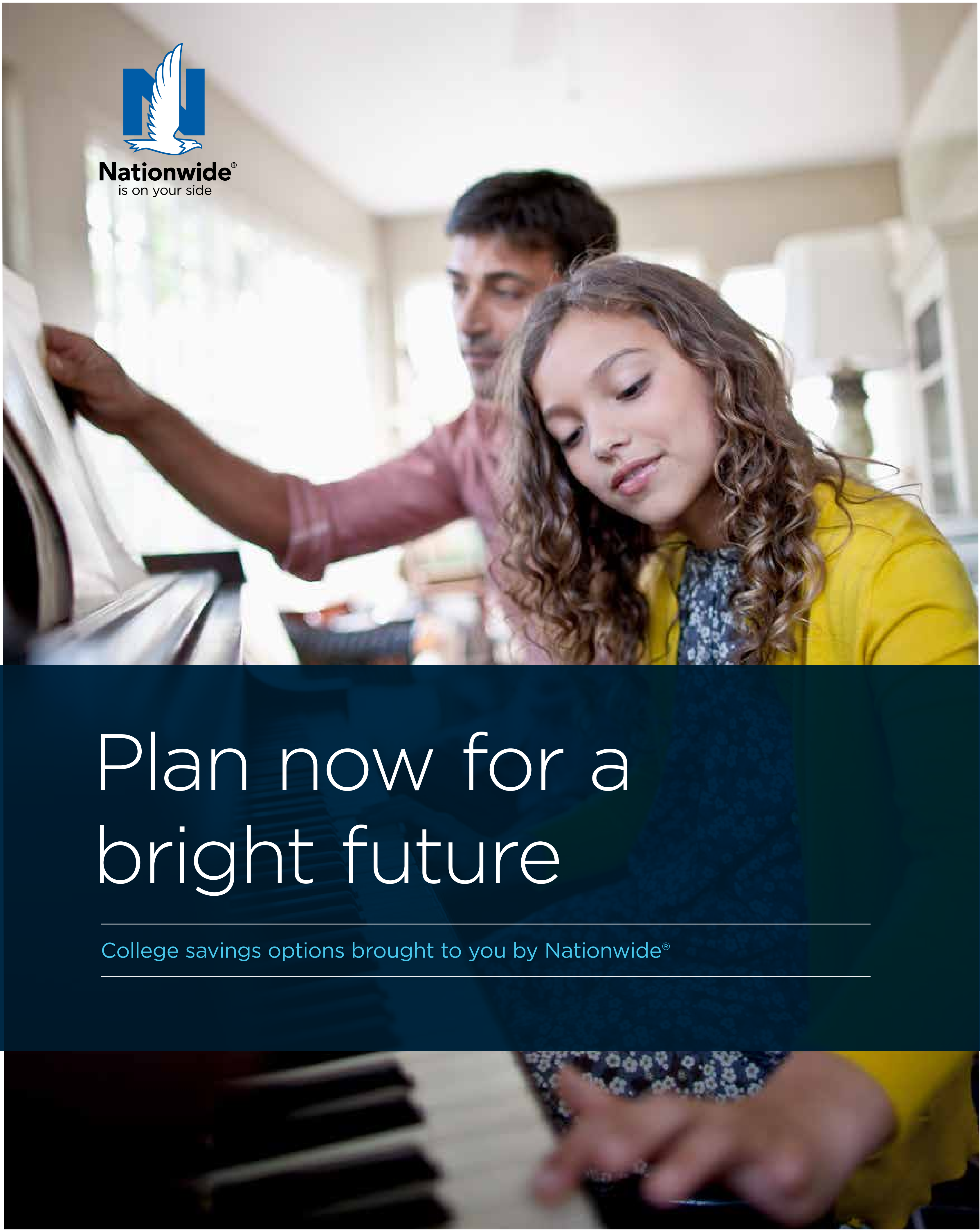
Nationwide®
is on your side



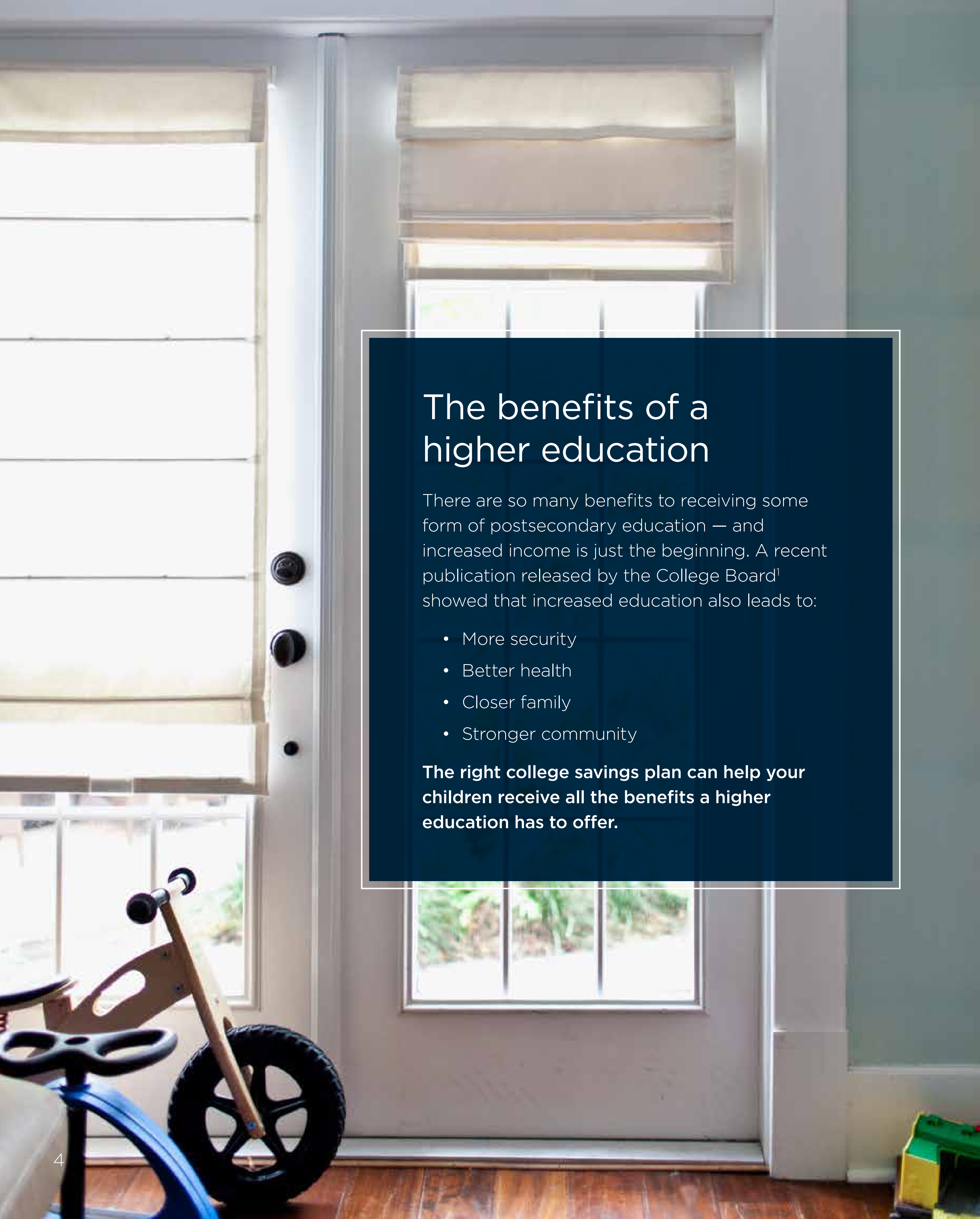
Plan now for a bright future

College savings options brought to you by Nationwide®

Many parents want to give their children the tools they need to succeed in life, including some form of higher education. But knowing the best way to save for that education can be challenging — especially if you're saving for retirement at the same time.

Many options are available to you, though, and this brochure is designed to provide the information you need to help put a college savings plan in place that works for you and your family.

What's inside?



The benefits of a higher education

There are so many benefits to receiving some form of postsecondary education — and increased income is just the beginning. A recent publication released by the College Board[1] showed that increased education also leads to:

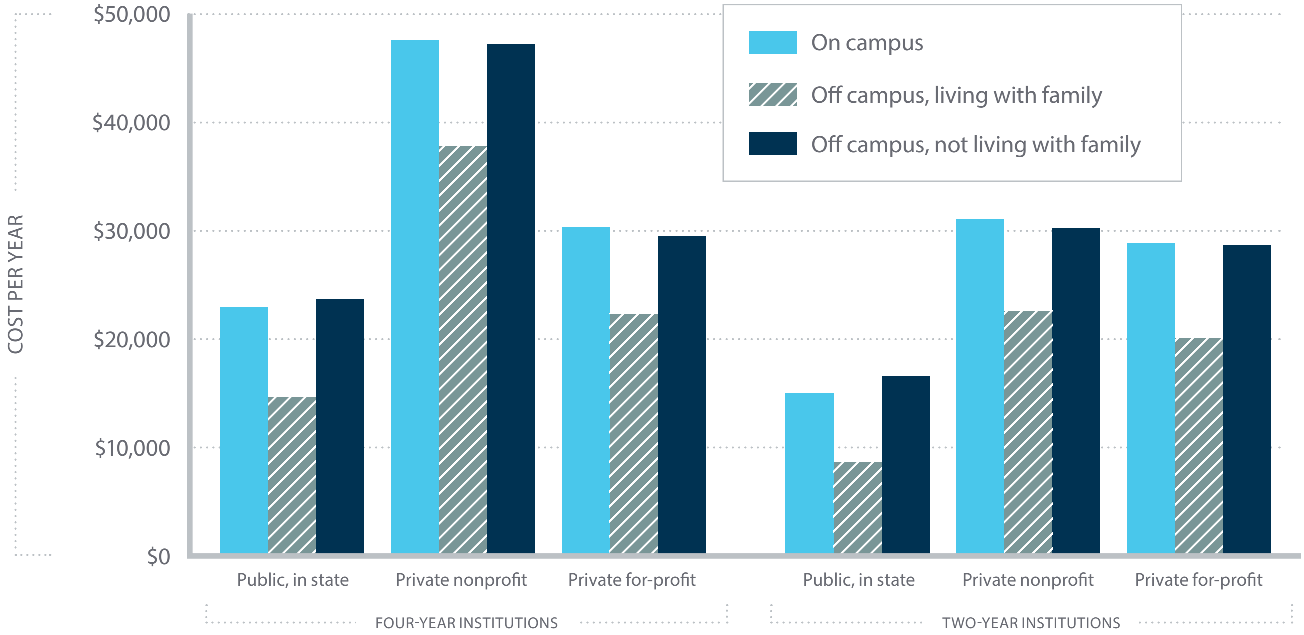
- More security
- Better health
- Closer family
- Stronger community

The right college savings plan can help your children receive all the benefits a higher education has to offer.

Understanding the cost

Will your child be accepted into an Ivy League school, or choose a state school? Either way, it helps to know what each option costs as you start the planning process.

Average total cost of attending degree-granting institutions for first-time, full-time undergraduate students, by level and control of institution and student living arrangement: academic year 2015–16[2]



As you can see in this chart, attending a private school costs about twice as much as attending a public school in your own state.

These costs continue to rise at a rate of roughly 5% per year, so the time to start planning is now.

The average cost for a four-year education for students enrolling in 2026 is estimated to be $159,200.[3]

[1] https://trends.collegeboard.org/sites/default/files/education-pays-2016-full-report.pdf.

[2] https://nces.ed.gov/pubs2017/2017144.pdf, May 2017.

[3] http://www.collegecalc.org/calculators/plan-and-save/?cost=25000&age=10&inflation=5&savings=1000&return=7&years=&submitted=true, 01/31/18.

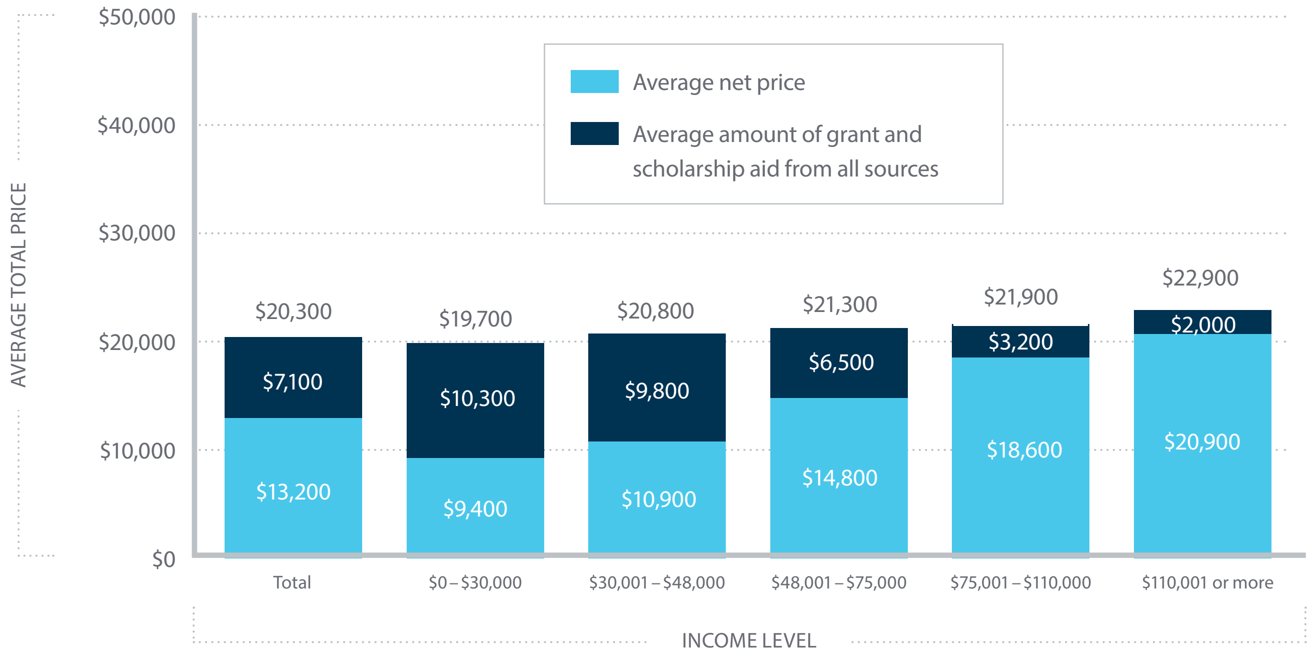
Know your funding options

Now that you have a better idea of the costs, it's time to review some of the funding options available.

Scholarships, financial aid or loans

Many students will receive some form of financial aid, including grants, scholarships and/or loans. Even with this help, a large portion of tuition and expenses may not be covered.

Average total cost, net price, and grant and scholarship aid for first-time, full-time undergraduate students paying in-state tuition and receiving aid at public 4-year institutions, by family income level: Academic year 2014–15[4]



The "All income levels" section of this chart indicates that the average amount of aid received by students was less than 35% of the average total price.

Many of us would like to be able to pay for all of these additional costs out of current income, but that's not always a realistic solution. Luckily, a number of tax-advantaged options are available to help you build a college funding account.

[4] https://nces.ed.gov/pubs2017/2017144.pdf, May 2017.

Coverdell Education Savings Account (ESA)

By making nondeductible contributions to a Coverdell ESA prior to a child's 18th birthday, parents, grandparents, aunts, uncles, friends and neighbors — even companies and organizations — can help fund his or her education.

Other important information about Coverdell ESAs:

- Withdrawals will be free of federal income tax when used for qualifying education expenses
- Withdrawals for any other purpose are subject to income tax and a 10% tax penalty
- Covered expenses include tuition and fees, computers, books, school supplies, tutoring, uniforms, room and board (for students who are at least half-time students), and more
- Maximum annual income limits for donors: $220,000 for joint filers, $110,000 for individuals
- Contributions can't be made after the beneficiary attains age 18
- Special estate and gift taxes apply

Custodial accounts

You could also use a taxable investment account, which offers more flexibility, to build a college fund. There is no limit on annual contributions or the contributor's income level.

If you are the child's parent, you may wonder whether to title this account in your name, or set up a custodial account in the child's name under the Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minors Act (UTMA).

The differences between keeping the account in your name and transferring the funds to the child under UGMA or UTMA are detailed here.

	Taxable account in your name	Custodial account in child's name
Taxes	All earnings taxed at your personal tax rate	Children under age 19 and dependent full-time students under age 24 with unearned income of less than $2,000 will be taxed at the child's tax rate; unearned income received over $2,000 may be taxed at the parent's tax rate
Eligibility for financial aid	Colleges expect you to use a lower percentage of your own assets for college expenses	Colleges expect the child to use a higher percentage of the assets in his/her name for college expenses
Control	You have full control over how the money is used	Your child can use the money for anything at age 18 or 21, depending on state law

Section 529 College Savings Plan

Section 529 College Savings Plans are sponsored by individual states but are generally open to any other state's residents.

When you make a nondeductible contribution to a 529 Plan, you can select investments from a variety of professionally managed portfolios. Your choices usually include one or more age-based portfolios, making it easy to shift from a more aggressive to a more conservative asset allocation as your child nears college age.

Earnings are tax deferred and education-related withdrawals are free of federal income tax; however, funds may be used only for college or graduate-school expenses. Other key features include:

- No income limit for donors
- Possible state tax deduction for in-state participants
- Special estate and gift taxes apply; the gift provision allows the donor to treat gifts in a single year as if they were made proportionately over five years; for example, a donor can give $70,000 in one year and treat it as if $14,000 were given in that year and each of the following four years, using the exclusions applicable to each year

Individual Retirement Account (IRA)

You can take distributions from your IRA — whether a traditional IRA, Roth IRA or SIMPLE IRA — to pay for qualified higher education expenses without having to pay the 10% early distribution penalty. These distributions are still subject to income taxes.

Distributions from your IRA can be used to cover educational expenses for you, your spouse, your children or grandchildren, or your spouse's children or grandchildren.

It's also important to note that:

- Qualified expenses include tuition, fees, books, supplies, equipment required for enrollment or attendance, and room and board (as long as the student is enrolled at least half-time)
- Eligible educational institutions include any college, university, vocational school or other postsecondary educational institution eligible to participate in a student aid program administered by the U.S. Department of Education
- There is no limit on the amount you can withdraw
- Any amount withdrawn above the adjusted qualified educational expenses (total expenses minus other tax-free assistance) will be subject to the 10% early distribution penalty

Any funds not used for educational purposes are still available within the IRA for retirement income later on.

Please remember, neither Nationwide nor its representatives give tax advice. Please consult your tax advisor for answers to your specific questions.

How they compare

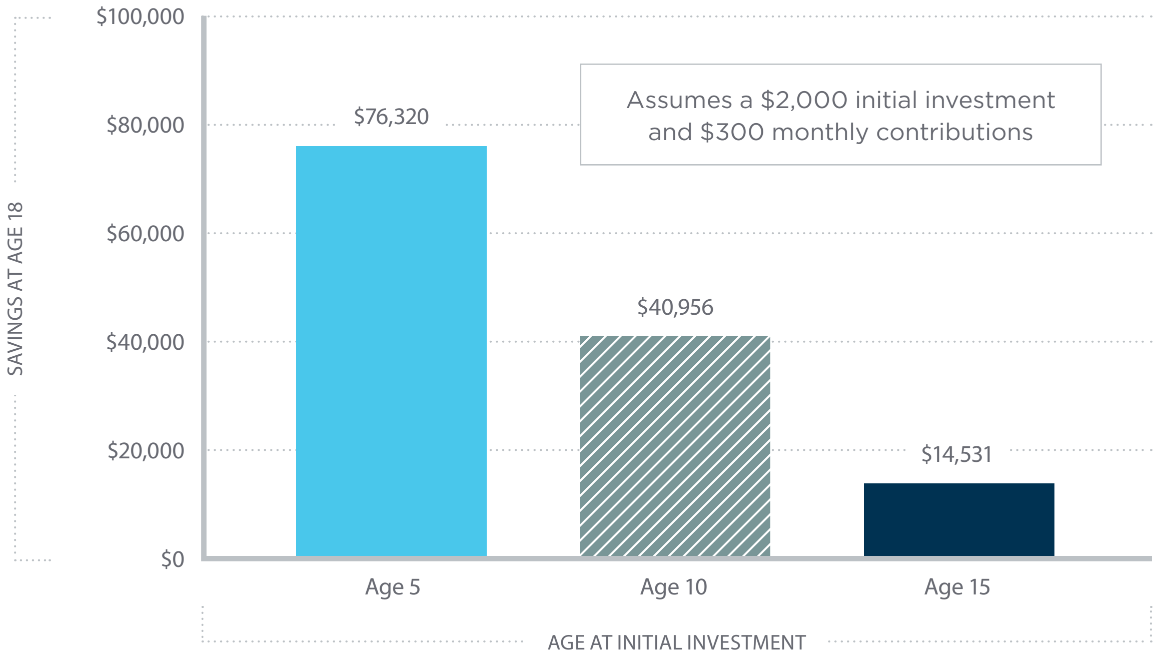
	Coverdell ESA	Custodial account (UGMA/UTMA)	529 College Savings Plan	IRA
Tax treatment of earnings (Contributions nondeductible)	Tax free when used to pay qualified education expenses	Children under age 19 and dependent full-time students under age 24 with unearned income of less than $2,000 will be taxed at the child's tax rate; unearned income received over $2,000 may be taxed at the parent's tax rate	Tax free when used to pay qualified education expenses	Subject to ordinary income taxes; qualified educational expenses are not subject to the additional 10% tax for early distribution
Child's access to fund	Can use only for qualified education expenses	Unlimited access at age 18 or 21, depending on UGMA/UTMA state law	Can use only for qualified education expenses	No access; you retain control of the account
Eligibility for financial aid	Included in child's expected contribution	Included in child's expected contribution	Included in parents' expected contribution	Not included in parents' expected contribution
Investments	Broad choice	Broad choice	Preselected portfolios only	Broad choice
Treatment of unused funds	May be used for another family member's education	Belongs to child	May be used for another family member's education	May still be used for retirement
Maximum annual contribution	$2,000 per child, from all sources	Unlimited, but transfers of more than the annual gift tax exclusion (currently $14,000 per donee), may be subject to the federal gift tax	Varies by plan	Varies by year; 2018 contribution limit is $5,500 ($6,500 if you are age 50 or older)

Why the time to start saving is now

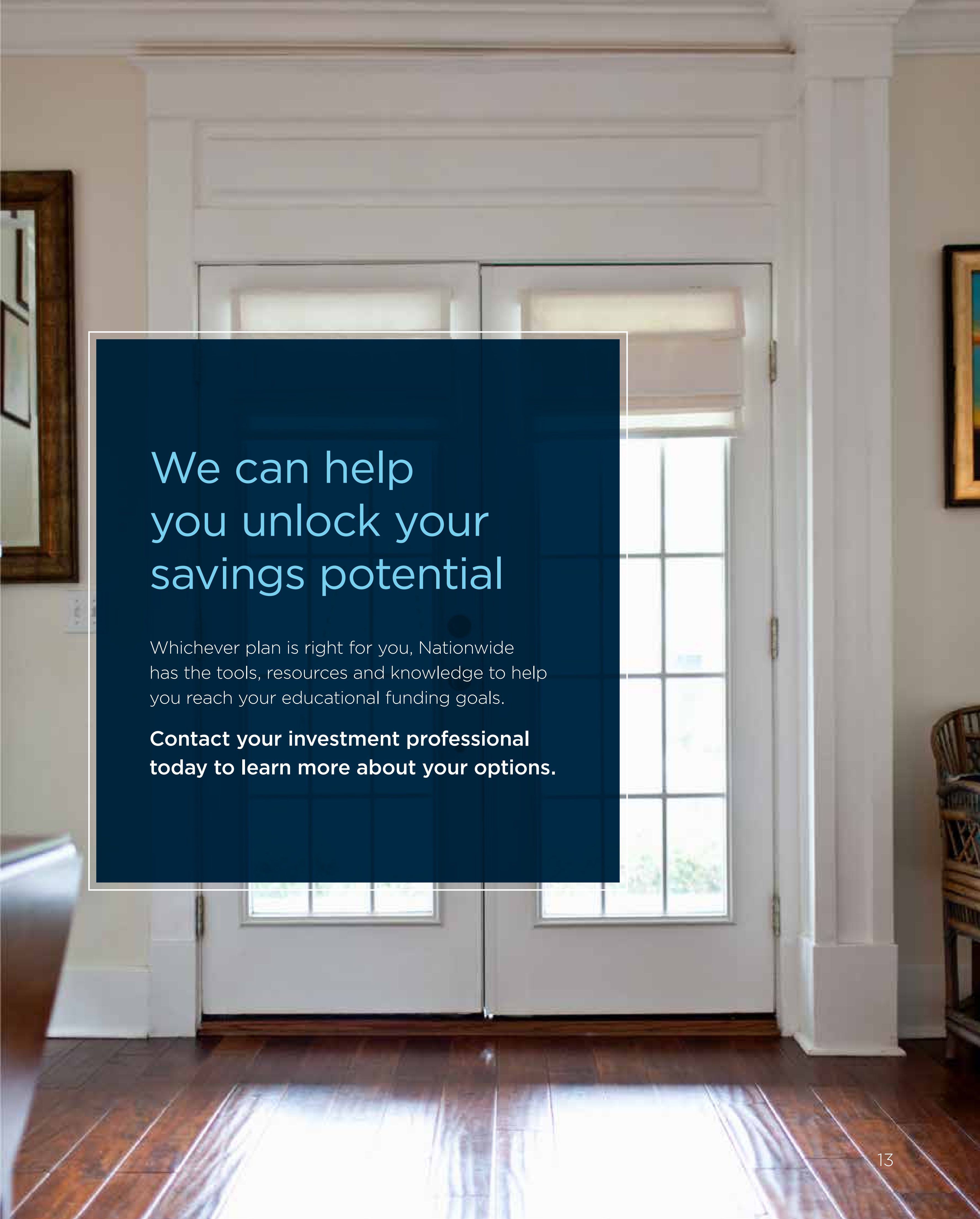
Tax-advantaged funding options aren't the only way to help make the most of your college funding resources. By starting early and regularly adding to your college funding account, you can put the power of compounding to work for you.

The benefits of starting early

This hypothetical illustration assumes a 6% rate of return compounded one time annually. Totals are rounded to the nearest dollar.



In this example, the parent of the 10-year-old would need to make monthly contributions of more than $595 to have the same amount saved at age 18 as the parent of the 5-year-old. So, don't delay — the sooner you start investing, the more opportunity you have to benefit from compound growth.



We can help you unlock your savings potential

Whichever plan is right for you, Nationwide has the tools, resources and knowledge to help you reach your educational funding goals.

Contact your investment professional today to learn more about your options.

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