



Scholar's Edge 529 Plan

**Dream.
Learn.
Save.
*For parents***

* Investment management by:



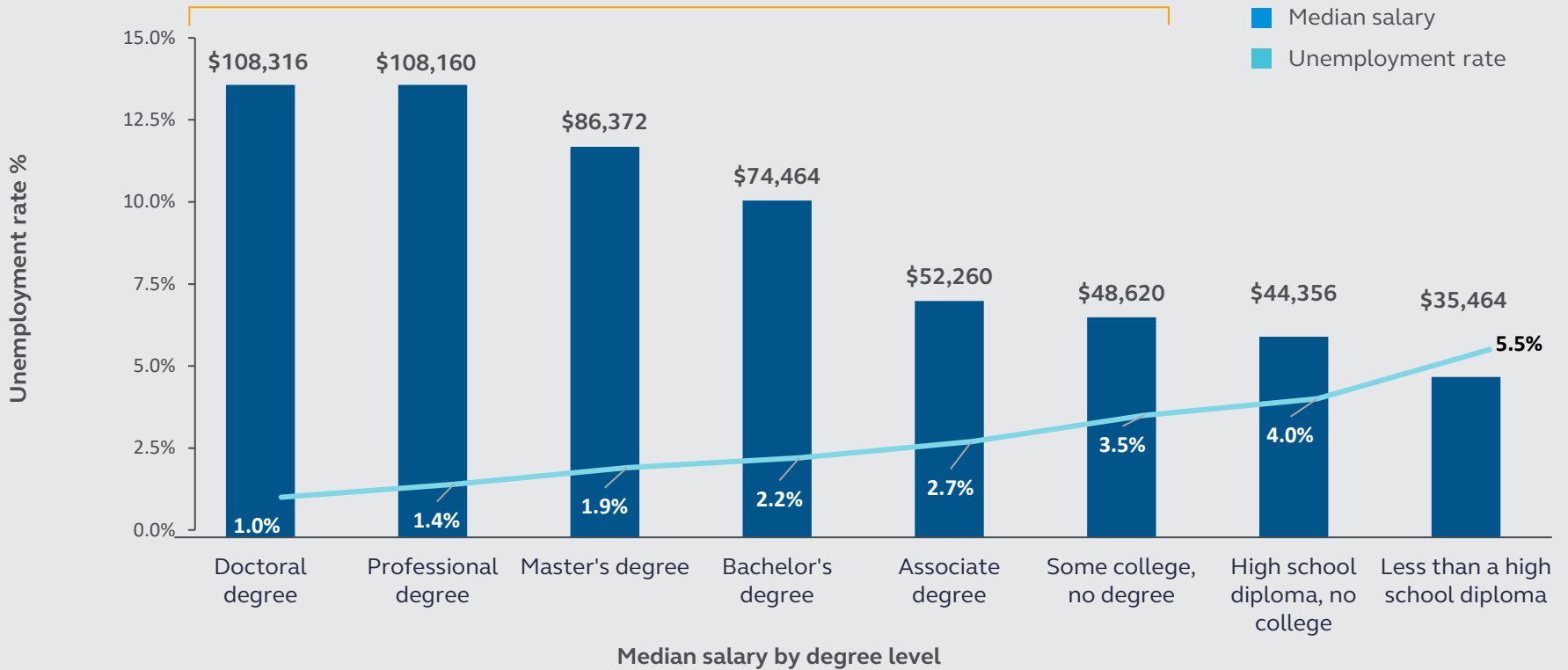
Scholar's Edge is offered by The Education Trust Board of New Mexico

The benefits of education

Studies show the higher the level of education achieved, the higher the median salary earned and lower the unemployment rate.



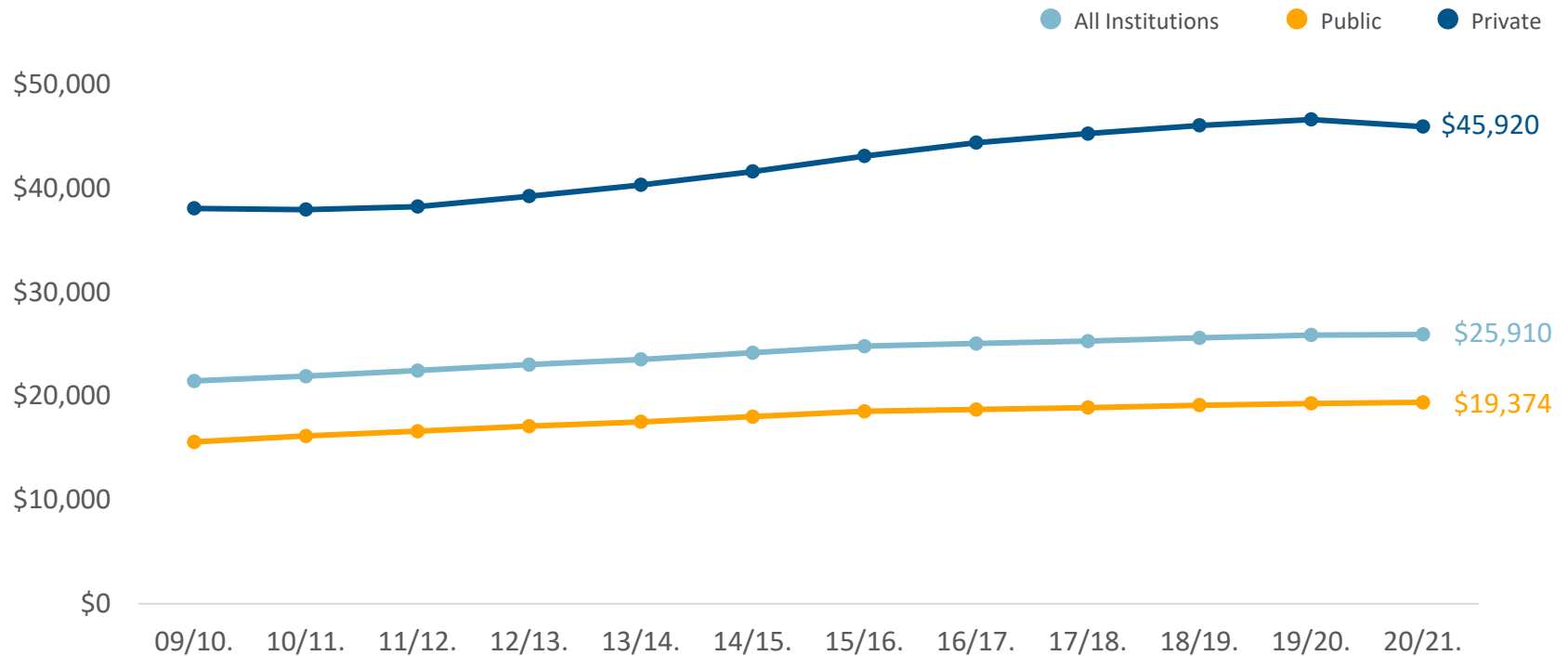
Education correlated with lower unemployment, higher salary



Source: U.S. Bureau of Labor Statistics, Current Population Survey, 2022. Salary reported as median weekly earnings, data was annualized.

A rising bar: Education costs continue to increase

Average annual undergraduate college cost* (past 10 years): public vs. private



Source: U.S. Department of Education, National Center for Education Statistics. Digest of Statistics, 2021.

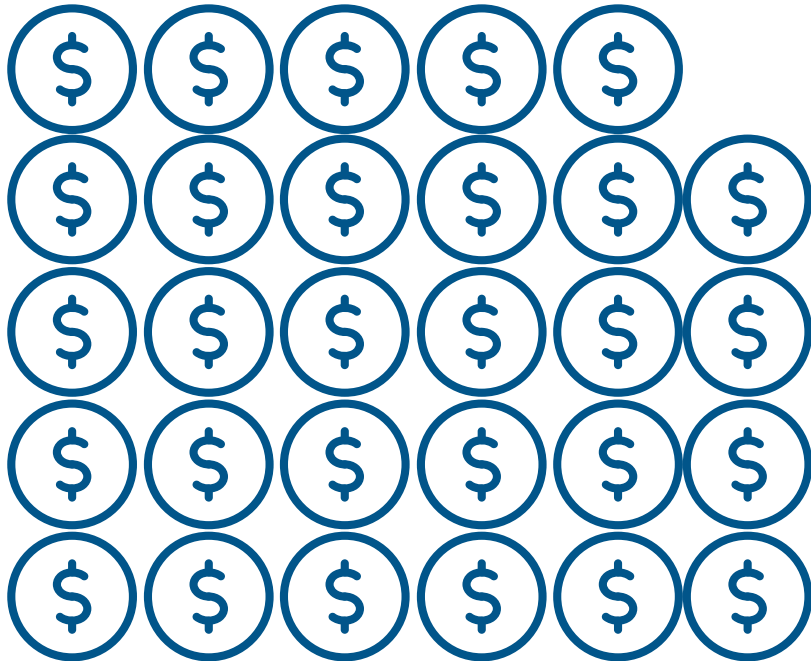
*Includes: tuition, fees, room & board. All institutions includes two and four-year institutions, both public and private.

Note: Constant dollars based on the Consumer Price Index, prepared by the Bureau of Labor Statistics, U.S. Department of Labor, adjusted to an academic-year basis. For public institutions, in-state tuition and required fees are used.

The education savings gap

People tend to underestimate how much they need to save for higher education expenses

What parents expect they've covered:



30%

of total future college costs



What parents actually cover:



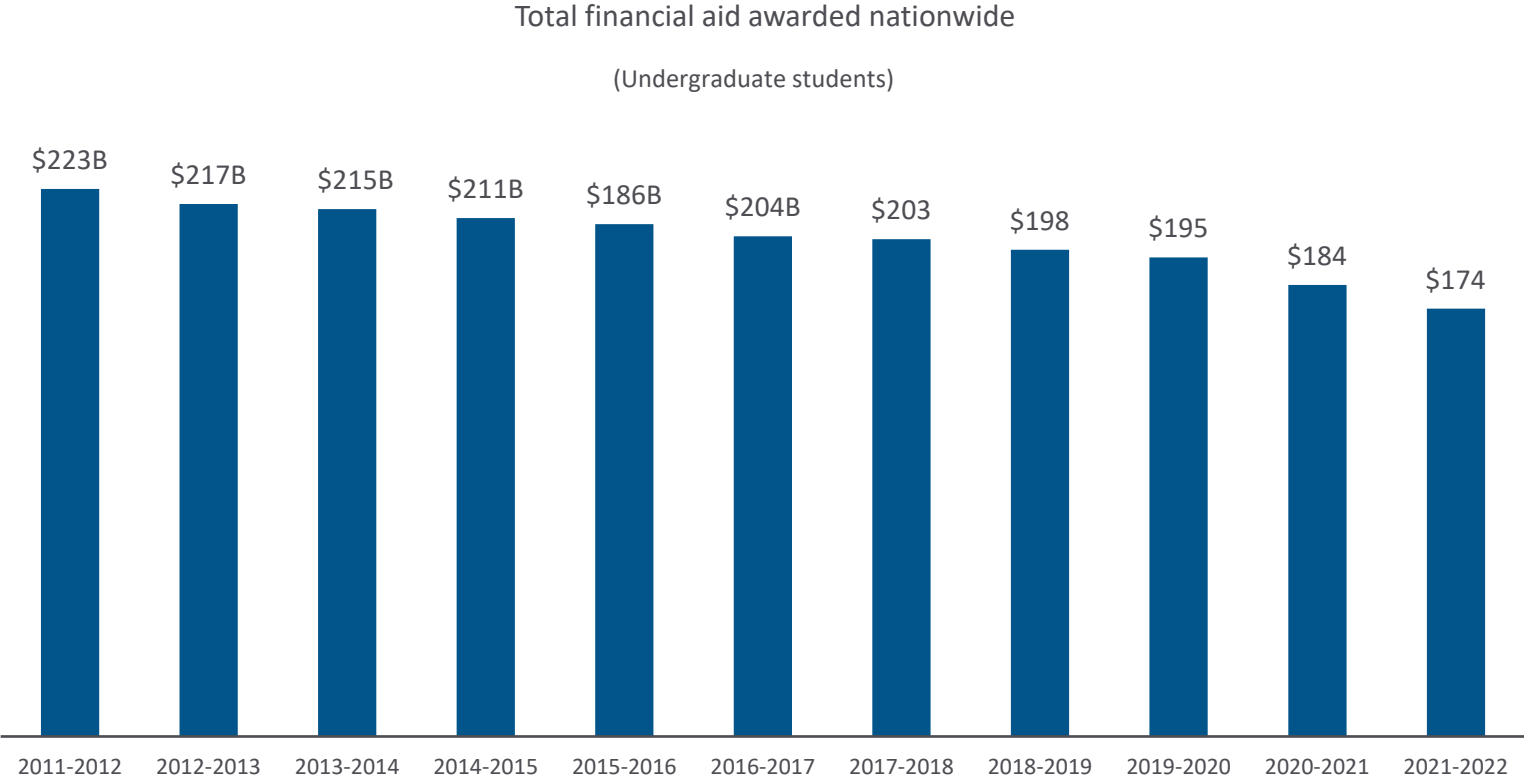
10%

of actual college costs saved*



Access to financial aid is getting harder to come by

The pool of available financial aid is decreasing



Source: College Board *Trends in College Pricing and Student Aid 2022*.



What is a 529 plan?

A 529 plan is a tax-advantaged savings vehicle within the United States designed to save for future higher education expenses for a specified beneficiary.

A truly flexible savings vehicle

Features of a 529 plan



Tax benefits

Earnings grow tax-deferred and qualified withdrawals are tax-free from federal taxes and may also be free from state taxes



Gifting and estate planning

Contribute up to \$17,000 per beneficiary annually (\$34,000 filing jointly)

Make an \$85,000 contribution (\$170,000 filing jointly) that can be treated as being made over 5 years for gift tax recognition purposes



Withdrawals

Proceeds can be used at eligible institutions around the country

Qualified expenses have no annual distribution limit

529 plans can now be used for K-12 enrollment (\$10,000 limit)



Availability

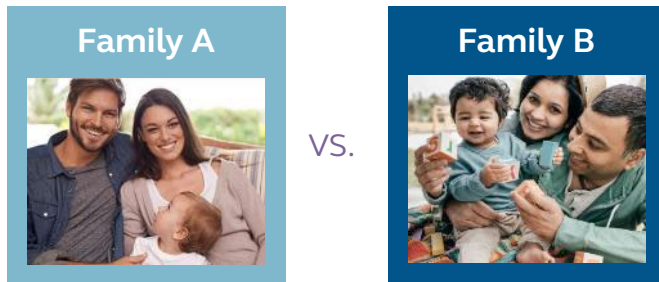
Anyone can open, regardless of income

Learn how your savings can potentially grow

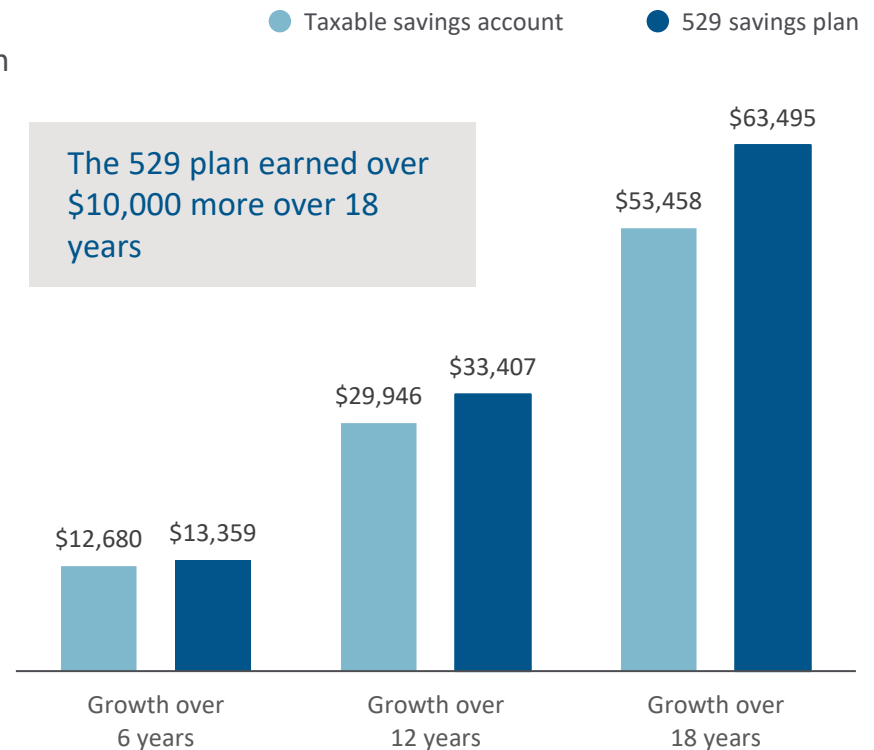
The compounding effect of 529 tax benefits

Taxable savings account vs. 529 savings

EXAMPLE: Two families invested differently. Family A opened a taxable savings account while Family B invested in a 529 plan.



Both families opened their savings accounts with an **initial deposit of \$1,000** and opted for **monthly contributions of \$150**. Both families **saved for 18 years, earning 7%** on their investment.



These hypothetical examples are for illustrative use only and do not reflect an actual investment in any specific 529 plan. Families are assumed to be in the 24% tax bracket during contribution and distribution. The hypothetical examples assume a monthly contribution of \$150, return on investment of 7% and no withdrawals during the 18 years. Actual returns may vary. Investment returns are not guaranteed, and you can lose money by investing in Section 529 Education Savings Plans. Participation in a 529 plan does not guarantee the investment return on contributions, if any, will be adequate to cover future tuition and other higher education expenses.

Even more flexibility – no longer just for college

Families can now use their 529 plans to:

- **Repay up to \$10,000 (lifetime) in qualified student loans**, under the Secure Act of 2019.
- **Cover up to \$10,000 per student per year for K-12 tuition**, under the Tax Cuts and Jobs Act of 2018.
- **Move assets to a Roth IRA**, under the Secure 2.0 Act

¹Some states have not adopted the *Secure Act* provisions. If you withdraw funds for qualified student loan payments and live in a state that doesn't follow the Federal *Secure Act* provisions, you could be subject to state tax penalties, including a 10% penalty on non-qualified withdrawals.

²Beginning in 2024, beneficiaries of 529 accounts that have been in place for 15 years or more will be able to move assets from their 529 to a Roth IRA. Among other restrictions, the transfer is subject to the beneficiary's annual contribution limit as well as a lifetime maximum of \$35,000. Contributions or earnings from the past five years can't be rolled over. And the Roth IRA accepting the funds must be in the same name as the 529 plan beneficiary.

No matter your educational path, a 529 Plan can help

529 plan withdrawals can help cover a wide range of education-related expenses:



COLLEGE TUITION



K-12



**VOCATIONAL/
TRADE**



**STUDENT
LOAN DEBT**



**POST-COLLEGE
EDUCATION**



**ROOM AND
BOARD**



**OFF-CAMPUS
HOUSING**



**BOOKS, EQUIPMENT,
TECHNOLOGY,
INTERNET, ETC.**

Withdrawals from 529 Plan accounts that are not used to pay for qualified higher education expenses of the beneficiary are subject to federal taxes (including a 10% federal penalty tax) such that any tax benefits of the 529 Plan will be lost. Certain states offer state income tax benefits. It is important to review all potential tax benefits within your state, along with the performance and expense information of the 529 plan you are considering, before making a selection. Earnings on non-qualified withdrawals may be subject to federal income tax as well as state and local income taxes. Taxes and other benefits are contingent upon certain requirements and certain withdrawals are subject to federal, state and local taxes.

Actively invested.

As a global leader in asset management, we are focused on harnessing the potential of every opportunity to secure an advantage for our clients.

ABOUT PRINCIPAL ASSET MANAGEMENT

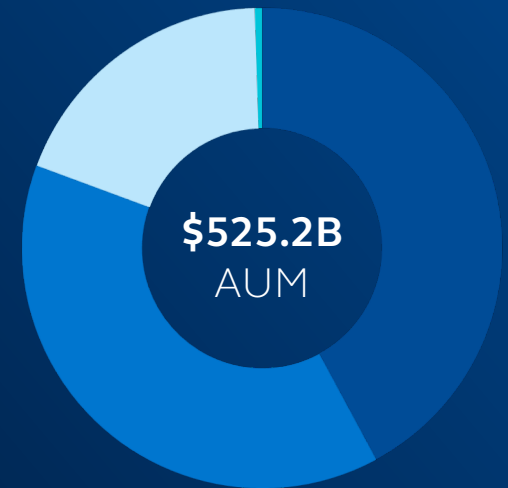
23rd largest manager of worldwide institutional assets.¹

11-year winner of Pensions & Investments' annual Best Places to Work in Money Management, earning a spot every year since the program launched.²

A fiduciary with disciplined processes, specialized expertise across asset classes, and global investment capabilities in both public and private markets.

As of June 30, 2023. See Important Information page for AUM description. Due to rounding, figures and percentages shown may not add to the totals or equal 100%. ¹Managers ranked by total worldwide institutional assets as of 31 December 2021 "Largest Money Managers," PENSIONS & INVESTMENTS, June 2022. ²Pensions & Investments, "The Best Places to Work in Money Management" among companies with 1,000 or more employees, December 2022.

Principal Asset Management



- 42.1% **Equities**
- 38.5% **Fixed Income**
- 18.9% **Real Estate**
- 0.4% **Alternatives**

Why Scholar's Edge?

Making brighter tomorrows a reality through smarter choices for education savings



Legacy of creating brighter tomorrows

- Deep asset allocation expertise - Principal is the largest provider of active, multi-managed target date funds in the United States¹
- Institutional-quality portfolio construction
- Robust and sophisticated glidepath technology



Smarter outcomes through choice, value, and peace of mind

- Comprehensive range of investment options
- A capital preservation portfolio



Committed and dedicated partner

- An ideal opportunity to invest as a family
- Knowledgeable teams supporting Scholar's Edge across various Principal business units
- Extensive tools and resources to support you in the college savings journey

¹Based on Sway Research, The State of the Target Date Market: 2023. Rating refers to assets under management in the U.S. market. This ranking includes both hybrid and actively managed Target Date mutual funds and CIT funds.

Smarter outcomes through portfolio options

Multi-asset, multi-manager strategies combining the advantages of active management and the cost savings of passive management

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Year of enrollment portfolios

Designed for those beneficiaries who are expected to enroll in qualified education programs between the target years of the portfolio.

Seek to achieve long-term growth of capital while preserving capital as they approach their applicable target year of enrollment date.

4

Target risk portfolios

Provide access to broad asset classes, combining exchange traded funds, mutual funds and life insurance funding agreements.

Allocations gradually becoming more focused toward capital preservation and volatility control as the risk target becomes more conservative.

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Individual portfolios

Investors may choose from a wide variety of investment options to create their own personalized investment plan.



Available in A, C and R unit classes.



We streamlined asset management and account fees, and used passive investments where appropriate, to lower the annual costs of investing in the Year of Enrollment and Target Risk Portfolios.



The Scholar's Edge Capital Preservation Portfolio contains a guarantee by Principal Life Insurance Company that its annual interest rate will be at least one percent.¹

Unit class availability varies by broker-dealer. Please check with your firm for details on how the plan is offered.

¹The Portfolio invests 100% of its assets in the Scholar's Edge Guaranteed Contract issued to the Plan by Principal Life Insurance Company. Under the Contract, principal and a rate of interest are guaranteed to the Plan by Principal Life. Principal Life guarantees the interest rate under the Contract will be at least 1%. The Portfolio is subject to the risk that Principal Life will become unable to make its payment obligations under the Contract.



**Dream.
Learn.
Save.
Start today.**

Any questions?

Investment management by:



Disclosures

Scholar's Edge® (“Scholar’s Edge” or the “Plan”) is operated as a qualified tuition program offered and sponsored by The Education Trust Board of New Mexico (the “Board”) and is available to all U.S. residents. Ascensus College Savings Recordkeeping Services, LLC is the Program Manager for Scholar's Edge and Principal Funds Distributor, Inc. is the distributor of Scholar's Edge. Principal Global Investors, LLC, (“PGI”), an affiliated company of the Distributor and a member company of the Principal Financial Group®, serves as the investment advisor to the Plan. Responsibilities of PGI include providing recommendations to the Board for the Underlying Investments in which the Scholar’s Edge Portfolios invest, monitoring and rebalancing the asset allocations for the Year of Enrollment and Target Risk Portfolios, and monitoring the Portfolios’ compliance with the Board’s Investment Policy Statement and applicable law. The Program Manager is not affiliated with any member company of Principal Financial Group.

Accounts in Scholar's Edge are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The securities held in the Plan accounts are neither FDIC insured nor guaranteed and may lose value. The Board has no legal obligation to provide financial support to the Plan or Plan accounts, and you should not expect that the Board will provide financial support to the Plan at any time. Account Owners do not invest in, and do not have ownership or other rights relating to the underlying investments held by the Plan’s investment options. The underlying investments are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including the possible loss of the principal amount invested.

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Investors should consider before investing whether their or their designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program, such as financial aid, scholarship funds, and protection from creditors, and should consult their tax advisor.

Before investing in the Plan, investors should carefully consider the investment objectives, risks, charges and expenses associated with the Plan’s municipal fund securities. The Plan Description and Participation Agreement contains this and other information about the Plan, and may be obtained by asking your financial professional, by visiting scholarsedge529.com or calling 1.866.529.SAVE (1.866.529.7283). Investors should read these documents carefully before investing.

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Disclosures

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