



**DREAM.
LEARN.
SAVE.**



Investment management by:



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



AGENDA



Dream.



How do you make college education dreams come true?

Learn.



Dream bigger when you start with a plan

Save.



Save for possibilities with an experienced asset manager

DREAM.

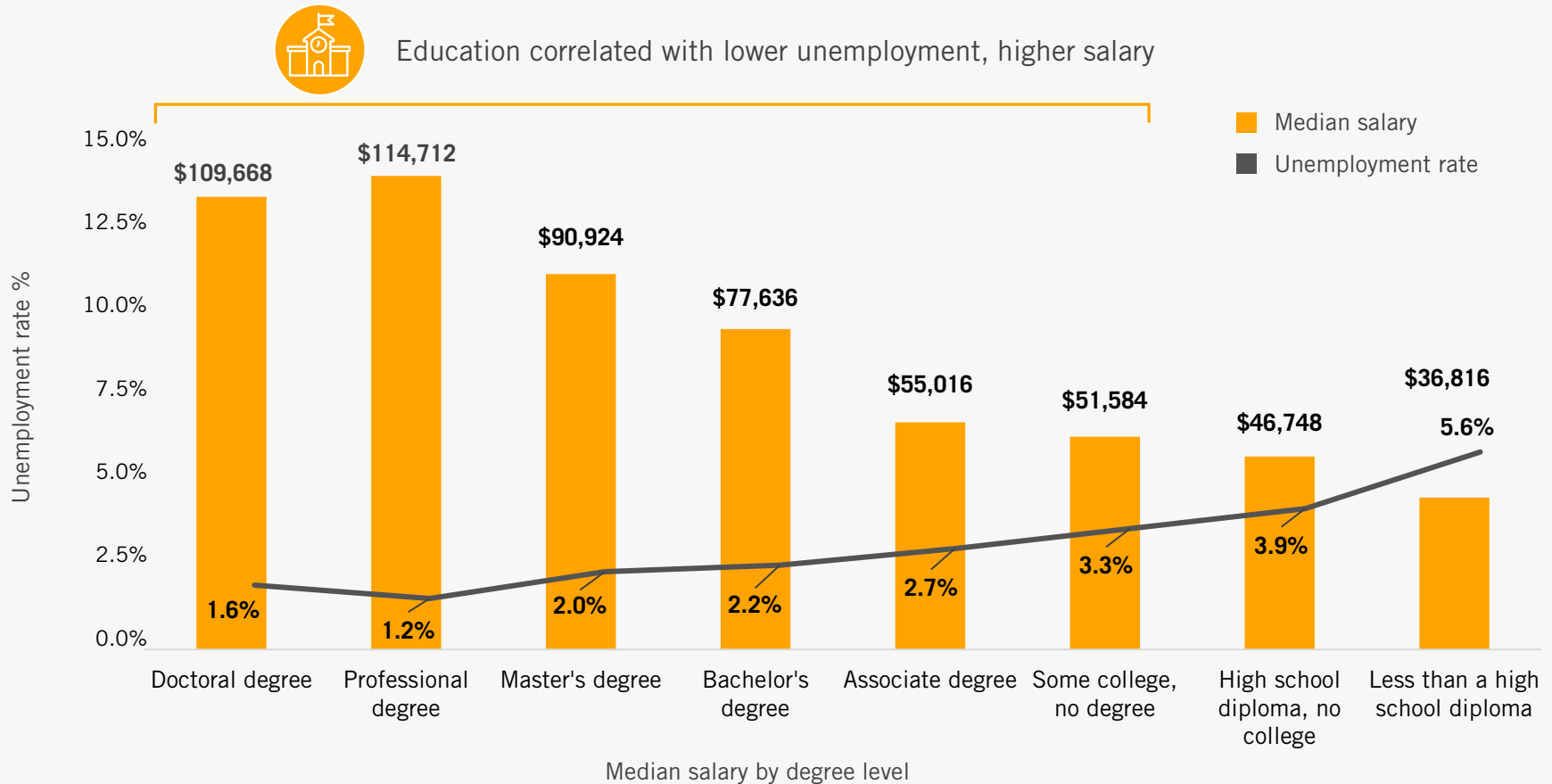
How do you make education
dreams come true?



THE BENEFITS OF EDUCATION



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

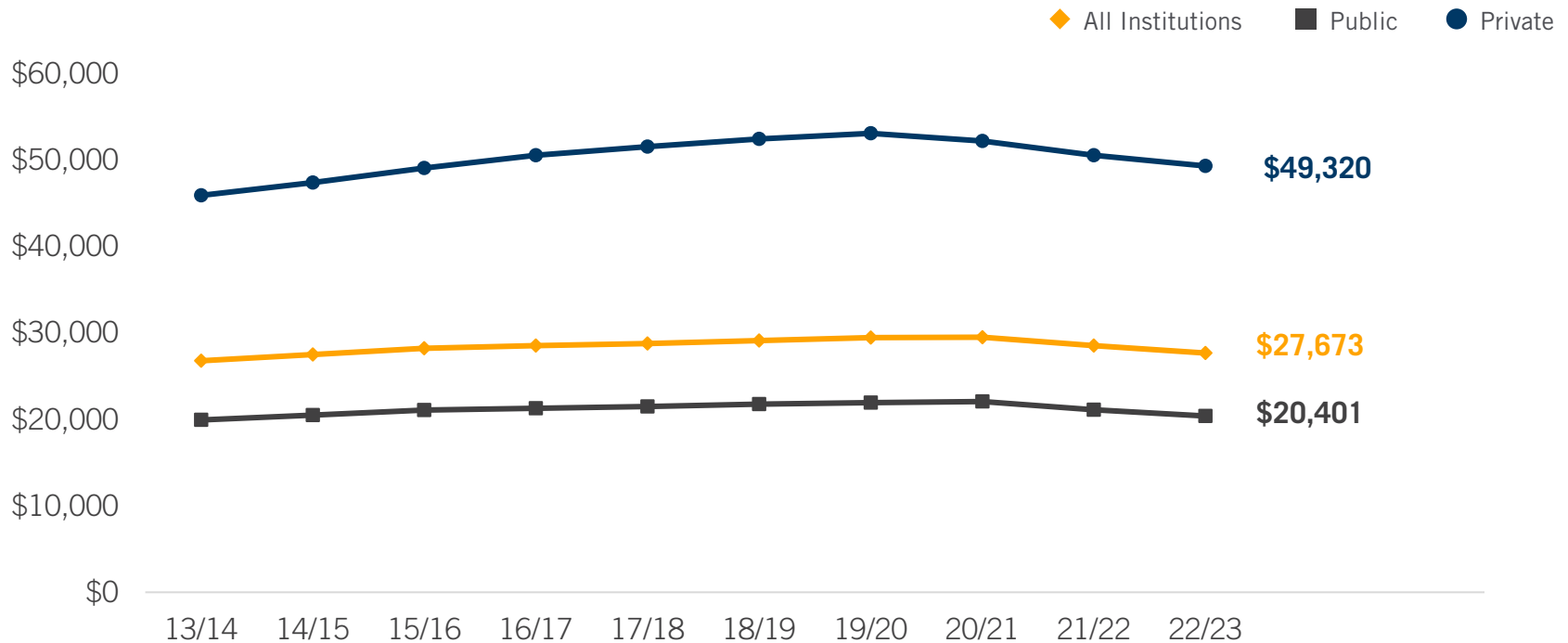


Source: U.S. Bureau of Labor Statistics, Current Population Survey, 2023. Salary reported as median weekly earnings, data was annualized.

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, 2023.

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

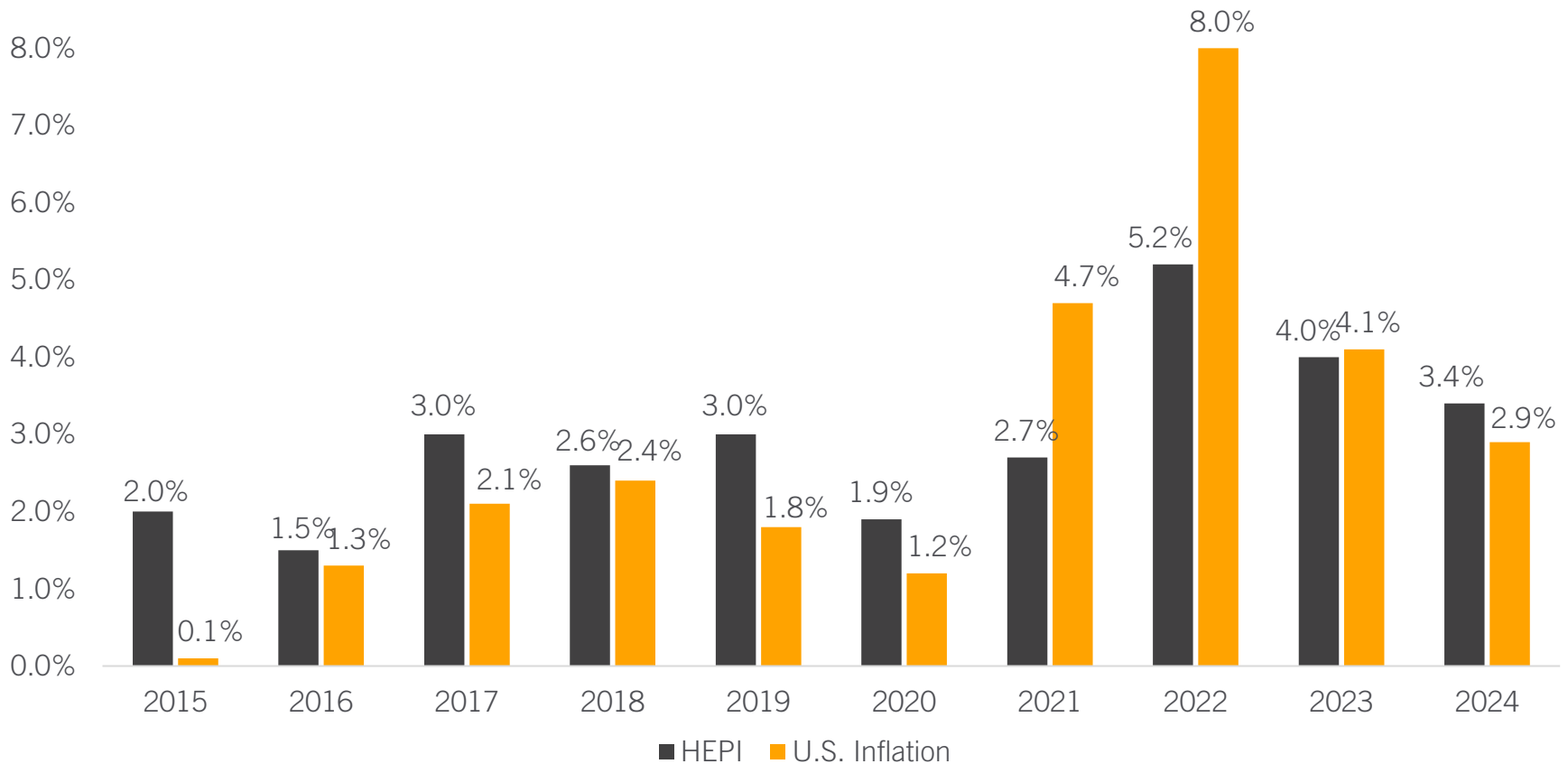
Note: Constant dollars based on the Consumer Price Index, prepared by the Bureau of Labor Statistics, U.S. Department of Labor, adjusted to an academic-year basis. For public institutions, in-state tuition and required fees are used.

AN IMPACT TO YOUR WALLET



Education costs compared to inflation

Higher Education Price Index (HEPI) vs. U.S. inflation



Source: Commonfund Institute: Higher Education Price Index (HEPI) 2024; U.S. Bureau Labor Statistics Unemployment Rate.

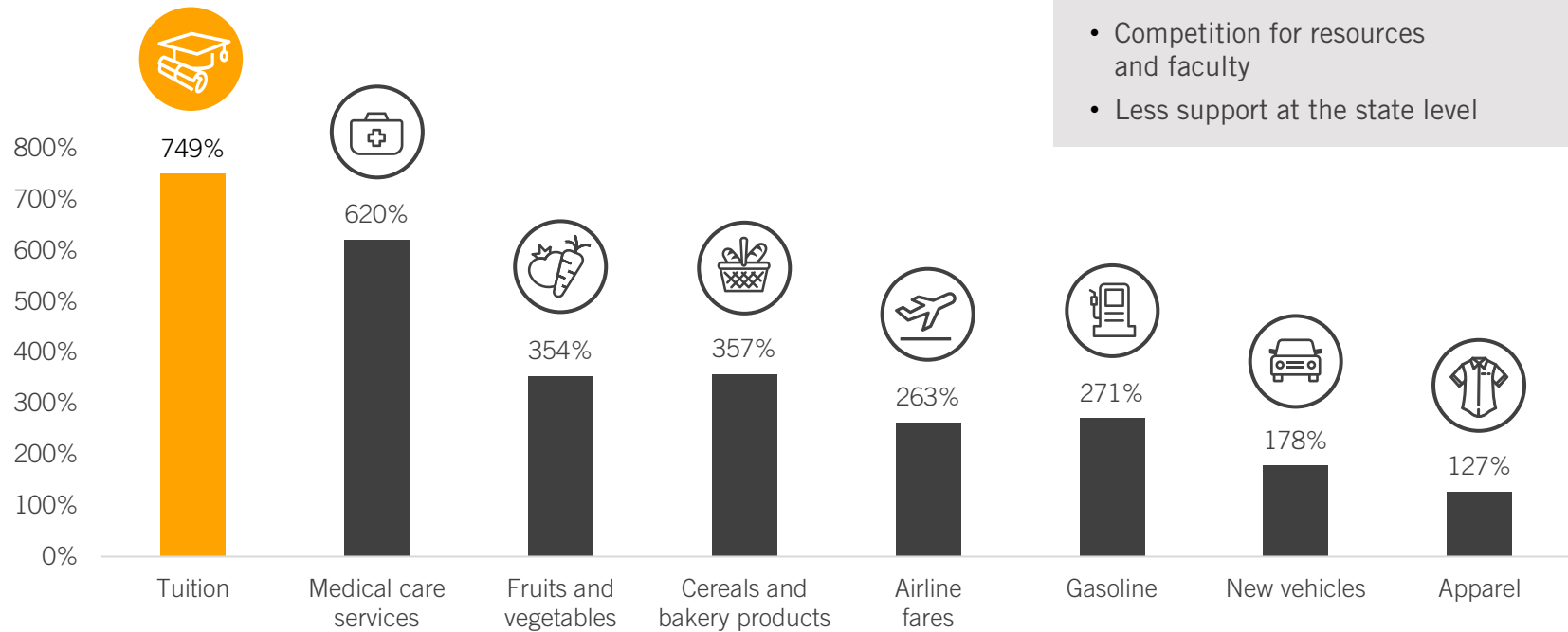
HOW DO TUITION COSTS STACK UP?



Tuition costs are rising at a faster rate than common household expenses

Tuition costs have spiked versus other expenses

Cumulative price change (%)



College cost inflation, what's driving it?

- Competition for resources and faculty
- Less support at the state level

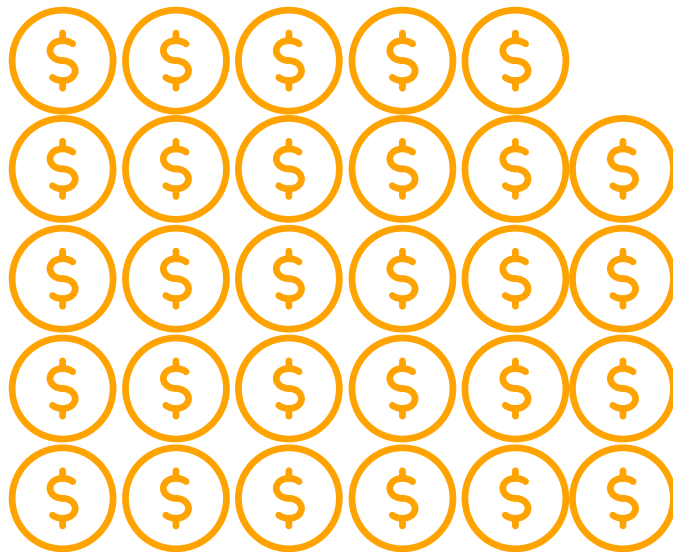
Tuition is based on the price increase from 1986/87 to 2024/25 from Trends in College Pricing 2024, CollegeBoard.
All other inflation figures based on original base value of 100 in 1982-1984 up until December 2024, from the U.S. Bureau of Labor Statistics, December 2024.

THE EDUCATION SAVINGS GAP



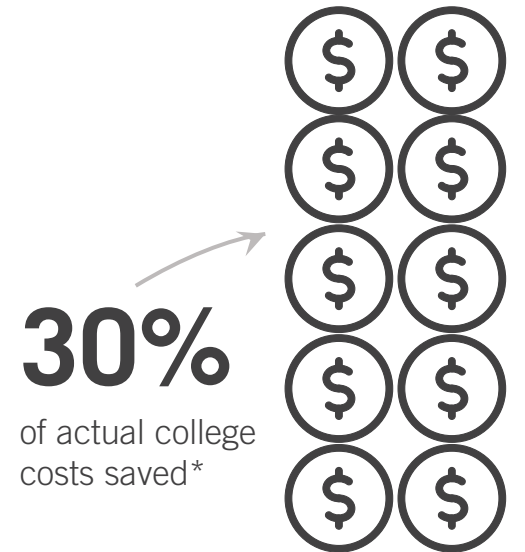
People tend to underestimate how much they need to save for higher education expenses

What parents hope they've covered:



67%
parents hope
to pay

What parents are on track to cover:



30%
of actual college
costs saved*

Source: Fidelity Study: Saving for College 2024.

DON'T FORGET, TUITION IS JUST THE TIP OF THE ICEBERG



Tuition and fees	\$30,780
Room and board	\$13,310
Transportation	\$1,340
Books and supplies	\$1,290
Other expenses	\$2,360
Total	\$49,080



Source: CollegeBoard, Trends in College Pricing 2024.
Based on public four-year, out-of-state, on-campus
post-secondary education costs.

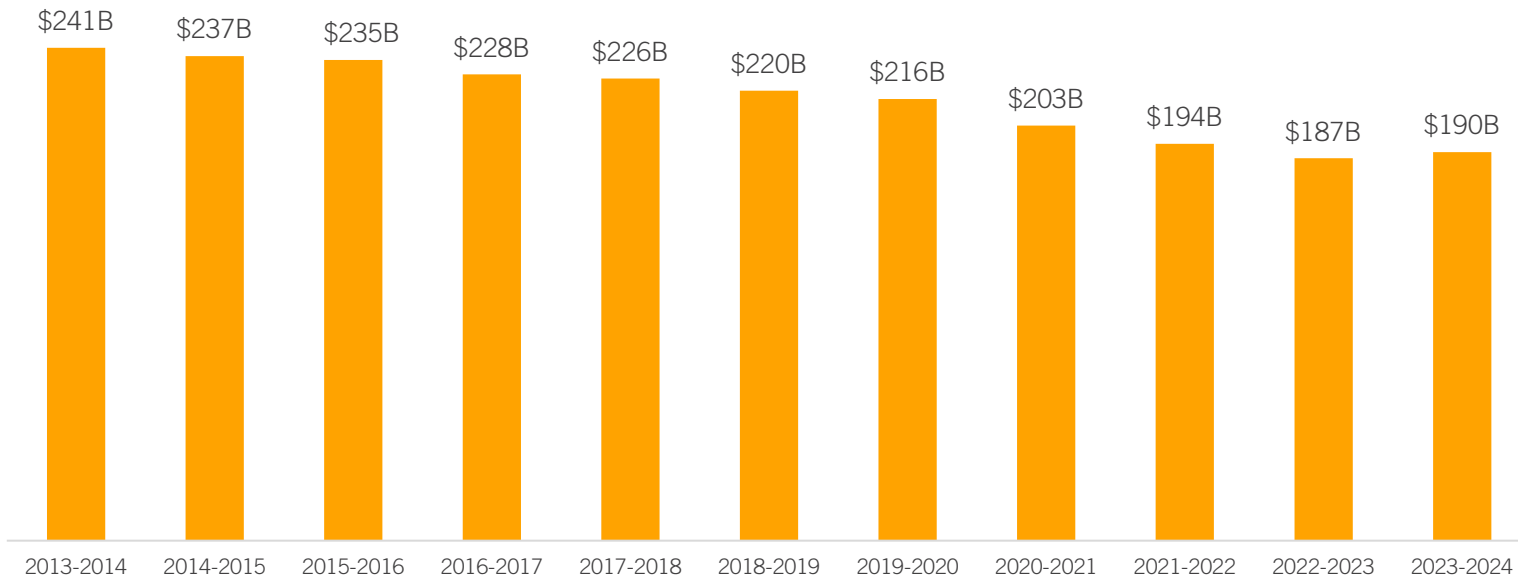
ACCESS TO FINANCIAL AID IS GETTING HARDER TO COME BY



The pool of available financial aid is decreasing

Total financial aid awarded nationwide

(To undergraduate students, in billions)



Source: College Board Trends in College Pricing and Student Aid 2024.

AVERAGE FOUR-YEAR SCHOLARSHIP AMOUNTS



Scholarships help, but they only cover a fraction of education costs



AVERAGE
ATHLETIC
SCHOLARSHIP
\$18,013¹



AVERAGE
MERIT-BASED
SCHOLARSHIP
\$12,088²



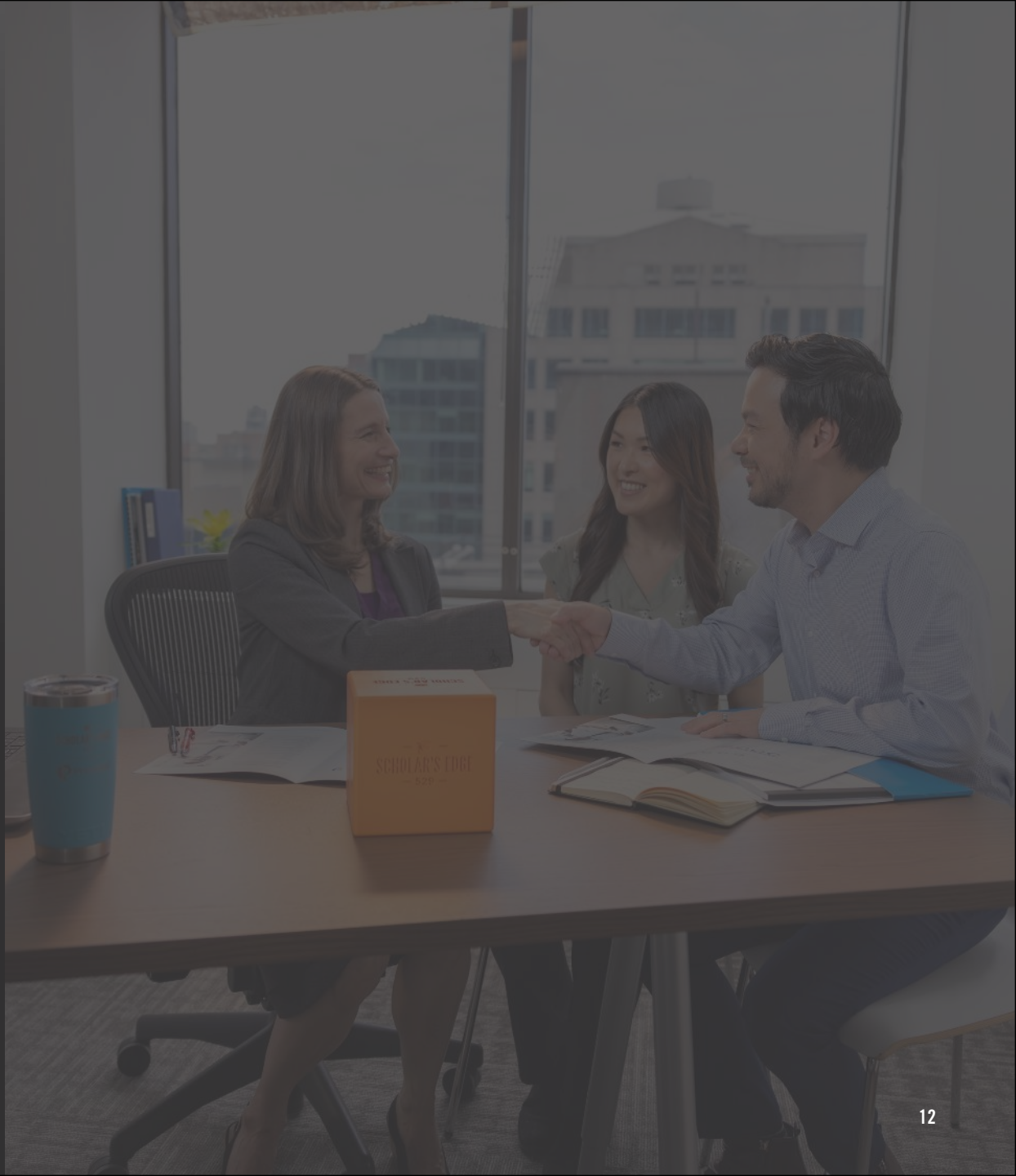
AVERAGE
NEED-BASED
SCHOLARSHIP
\$4,930³

- Remember, if a child earns a scholarship, the account owner can always transfer their 529 savings to another eligible family member.
- The account owner can also withdraw the amount of the scholarship but will be required to pay income tax on the earnings portion of the withdrawal.

Sources: ¹Average per NCAA I athlete 2023, Scholarshipstats.com; ²13 Things to Know About Merit Aid Scholarships, usnews.com; ³College Board Trends in College Pricing and Student Aid 2024.

LEARN.

You can help a child change the world when you start with a plan



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.



WHAT SAVINGS OPTIONS ARE AVAILABLE TO YOU?



Comparing education savings plans

RULES	529 PLANS	COVERDELL EDUCATION SAVINGS ACCOUNT (CESA)	UGMA/UTMA	TAXABLE SAVINGS ACCOUNT
Federal income tax	Contributions made with after-tax dollars. Earnings grow tax-free. Withdrawals for qualified education expenses are free from federal income tax	Contributions made with after-tax dollars. Earnings grow tax-free. Withdrawals for qualified education or K-12 expenses are free from federal income tax	Earnings and capital gains are taxed at the minor's tax rate	Earnings taxable at account owner's tax rate
Federal gift tax treatment	Contributions are treated as gifts; annual gift tax exclusion is up to \$19k (single) or \$38k (joint) per beneficiary. \$95k (single) or \$190k (joint) prorated over 5 years	Contributions are treated as gifts, annual gift tax exclusion of up to \$19k (single) or \$38k (joint) per beneficiary	Gifts and transfers to the minor are treated as completed gifts - \$19k (single) or \$38k (joint) as an annual gift exclusion	Differs by individual, consult tax advisor
Federal estate tax treatment	Amount removed from donor's estate, partial inclusion up to \$95k (\$190k filing jointly) if donor's death occurs within the 5-year election period	Amount removed from donor's estate	Amount removed from donor's estate unless donor remains as custodian	Differs by individual, consult tax advisor
Maximum investment	Determined by program. Scholar's Edge is \$500,000	\$2,000 per beneficiary per year from all sources	No limit	Not applicable, can be used for any purpose
Ability to change beneficiary	Yes, to another member of the beneficiary's family, dependent upon plan	Yes, to another member of the beneficiary's family, dependent upon plan	No, represents a gift to the child	Not applicable
Income restriction	None	Ability to contribute phases out for income \$95k-\$110k (single) or \$190k-\$220k (joint)	None	None

WHAT SAVINGS OPTIONS ARE AVAILABLE TO YOU? (CONTINUED)



Comparing education savings plans

RULES AS IT RELATES TO	529 PLANS	COVERDELL EDUCATION SAVINGS ACCOUNT (CESA)	UGMA/UTMA	TAXABLE SAVINGS ACCOUNT
Qualified expenses	Tuition, fees, books, computers and related equipment, supplies, special needs, room and board for half-time students, and up to \$10,000 in tuition expenses at private, public, and religious K-12 schools (state dependent)	Tuition, fees, books, equipment, supplies, special needs, room and board for half-time students, some K-12 expenses	No restrictions	No limit
Financial aid impact	If parent is account owner, assessed at up to 5.64% as an asset of the parent	If parent is account owner, assessed at up to 5.64% as an asset of the parent	Counted as the student's asset and assessed at 20%	Counted as assets of the account owner assessed at up to 5.64% if owned by the parent
Investments	Account owner selects the investment portfolio within the plan	Range of securities and investments chosen by the account owner	Chosen by the custodian until child reaches majority	Chosen by account owner
Non-qualifying expenses	May be subject to federal income tax and a 10% federal tax penalty as well as state and local taxes	May be subject to federal income tax and a 10% federal tax penalty as well as state and local taxes	Funds must be used for benefit of the minor	Chosen by account owner
Age restrictions	None	Contributions can be made until beneficiary turns 18; account balance must be distributed by 30 days following beneficiary's 30th birthday	Custodianship terminates when minor reaches majority under state law (typically 18 or 21)	None

SAVING FOR EDUCATION CAN HELP IN SAVING FOR RETIREMENT



How education savings can help with bigger goals

By graduating with less debt, the child in your life can begin investing and planning for life's other milestones earlier.



Saver A had an education plan that helped him with his school costs and he was able to start contributing to his 401(k) right after college

Starts saving



Saver B had more loans to pay, which delayed her retirement contributions. At year 10 when Saver B starts saving, **Saver A** will already have accumulated **\$65,904** in retirement savings

Starts saving
10 years later



YEARS AFTER
GRADUATING

0 2 4 6 8 10 12 14 16 18 20 22 24 26 28 30 32 34 36 38 40 42

RETIREMENT

Saver A

Saver B

Saver A has
accumulated
\$879,753

At retirement,
Saver A has
\$425,304 more
in savings than
Saver B.

Saver B has
accumulated
\$454,449

Assumes \$5,000 saved per year for 42 years with a compounded annual return of 6% each year. This hypothetical example is for illustration purposes only and does not represent the performance of any specific investment. Investment returns are not guaranteed, and you can lose money by investing.

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 \$19,000 per beneficiary annually (\$38,000 filing jointly)

Make a \$95,000 contribution (\$190,000 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

Qualified higher education expenses are those that are incurred at eligible institutions such as four-year colleges and universities, vocational schools, community colleges, and some foreign institutions and include tuition and fees, books, supplies and equipment, and room and board. Beginning in 2018, withdrawals of up to \$10,000 per year from 529 plans can also receive favorable tax treatment if used for tuition expenses incurred for K-12 education. Please consult with your tax professional for more information about your home state's tax rules.

Principal is not in the business of providing tax advice. Any prospective investor should seek tax advice based on the taxpayer's particular circumstances from an independent tax advisor.

Tax treatment of qualified withdrawals may differ by state and can change based on state legislation. Using a 529 plan to pay for K-12 tuition should be carefully considered, as there may not be adequate time to accumulate sufficient savings before the start of the beneficiary's enrollment in an institution of higher education. Please consider consulting a financial or tax professional to determine whether or not a 529 plan is the best strategy for your individual situation and for questions on state and federal taxes. Earnings on non-qualified withdrawals will be subject to federal taxes (including a 10% federal penalty tax in most circumstances) as well as applicable state and local income taxes.

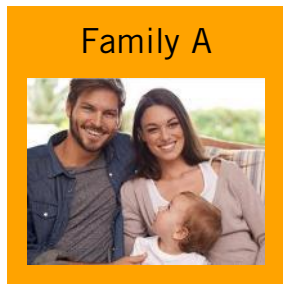
LEARN HOW YOUR SAVINGS CAN POTENTIALLY GROW



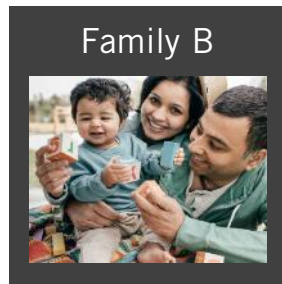
The compounding effect of 529 tax benefits

Taxable savings account vs. 529 savings

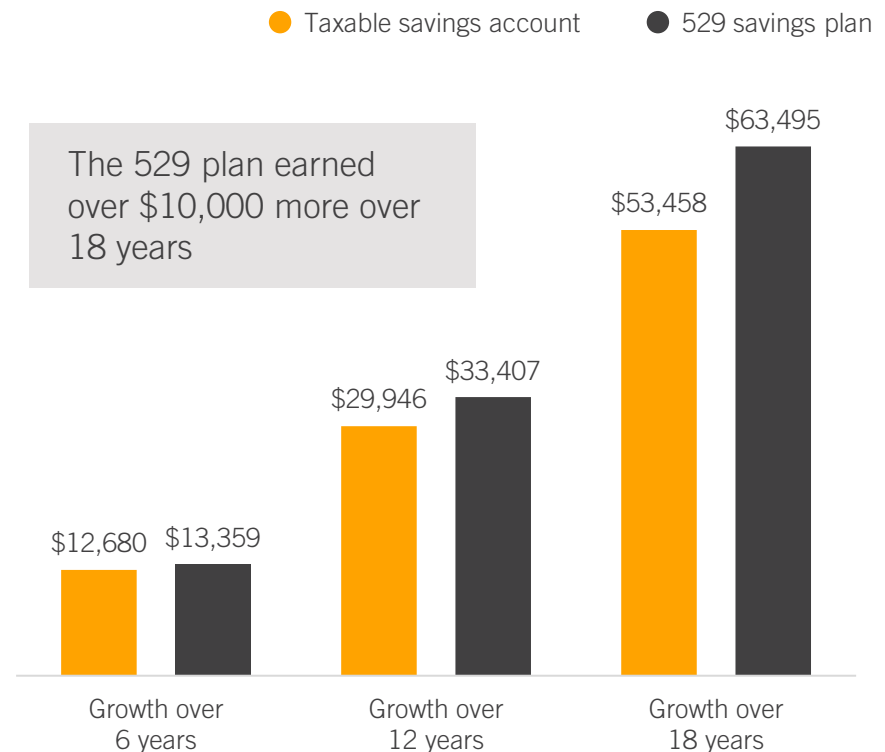
EXAMPLE: Two families invested differently. Family A opened a taxable savings account while Family B invested in a 529 plan.



VS.



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.

GETTING THE MOST OUT OF YOUR STATE BENEFIT



TAX PARITY

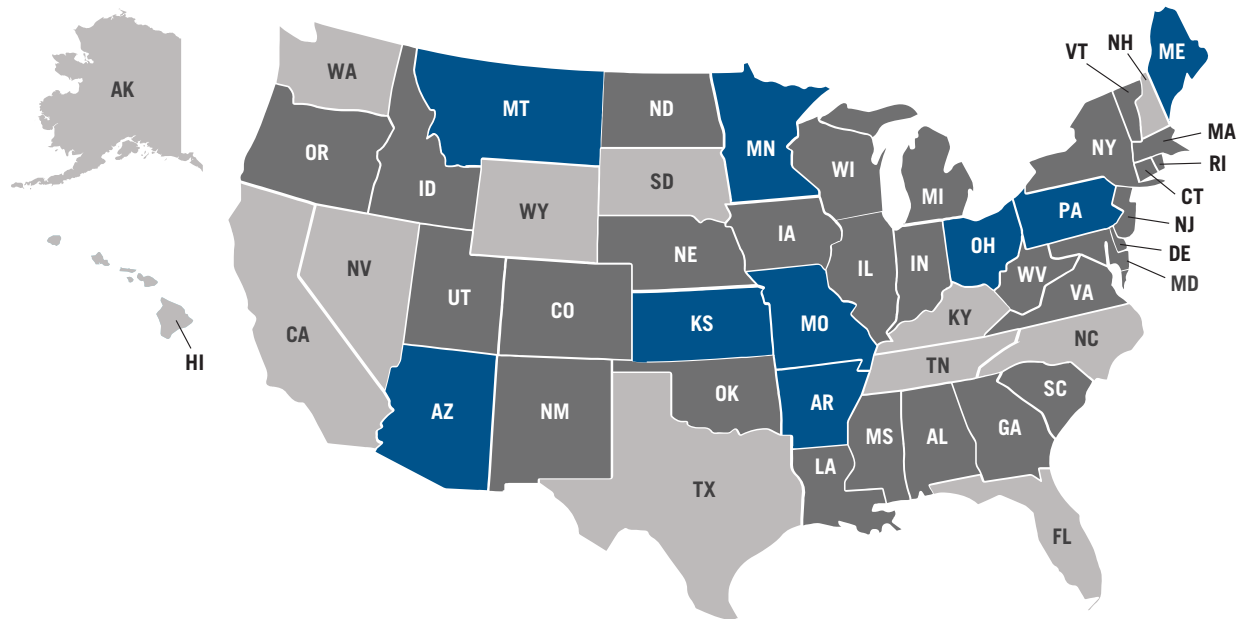
These states offer tax deductions for contributions to any 529 plan regardless of state.

TAX NEUTRAL

These states do not offer tax deductions for 529 contributions or have no state income tax.

IN-STATE TAX BENEFIT

These states offer tax deductions or credit for contributions to the in-state 529 plan only.



As of January 2025.






529 plans offer many advantages to investors saving for education, including tax-deferred earnings and tax-free qualified withdrawals. Additionally, 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 withdrawal are subject to federal, state and local taxes.

FLEXIBILITY FOR PLANNING NOW AND IN THE FUTURE



Beyond education savings, 529 plans can help families leave a legacy

When considering whether to use a 529 plan in your estate plan, keep in mind the following key points

CONTRIBUTIONS	ACCELERATED GIFTING	TAX PLANNING	TAX-FREE WITHDRAWALS	CONTROL
 <p>An individual may contribute up to \$19,000 a year (\$38,000 for a married couple) per beneficiary without triggering the federal gift tax.¹</p>	 <p>Special gift and estate tax treatment allows an individual to contribute up to \$95,000 (\$190,000 for married couples) in one lump sum, per beneficiary, free of federal gift taxes (i.e., five times the annual gift tax exclusion), under a provision known as “accelerated gifting.”</p>	 <p>Contributions made to a 529 plan are considered completed gifts for estate tax purposes, so they are excluded from your taxable estate if death occurs before the funds are distributed, even though the account remains under your control.</p>	 <p>529 college savings plan contributions and investment earnings may be withdrawn federal income tax free if the money is used for Qualified Higher Education Expenses.²</p>	 <p>The 529 college savings plan owner maintains complete control over the account assets, is allowed to make beneficiary changes and can close the account and take the proceeds.²</p>

Source:

¹ The gift-tax exclusion applies, provided the 529 account owner makes no other gifts to the beneficiary during a five-year period. Contributions between \$19,000 and \$95,000 (\$38,000 and \$190,000 for married couples filing jointly) made in one year may be prorated over a five-year period without subjecting the donor(s) to federal gift tax or reducing his/her federal unified estate and gift tax credit. If an individual contributes less than the \$95,000 maximum (\$190,000 for married couples filing jointly) additional contributions may be made without subjecting the donor to federal gift tax, up to prorated level of \$19,000 (\$38,000 for married couples filing jointly) per year. Gift taxation may result if a contribution exceeds the available annual gift tax exclusion amount remaining for a given beneficiary in the year of contribution. If the account owner dies before the end of the five-year period, a prorated portion of contributions between \$19,000 and \$95,000 (\$38,000 and \$190,000 for married couples filing jointly) made in one year may be included in his or her estate for estate tax purposes. Please consult your tax and/or legal advisor for further guidance.

² Non-qualified withdrawals from a 529 plan are subject to income tax and a possible 10% federal penalty on the earnings portion of the account.

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.



Some 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.

Beginning 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.

THE JOURNEY FROM KINDERGARTEN TO COLLEGE



Planning ahead is the key

Some tips for using 529 savings for K-12 expenses

Know your state's tax handling

Some states have not adopted the Tax Cuts and Jobs Act updates. Withdrawing funds for K-12 tuition payments in a state that doesn't follow the Federal SECURE Act could subject you to state tax penalties or your ability to claim credits/deductions could be affected. You may also trigger a 10% penalty on non-qualified withdrawals.

Start early

Consider contributing once your child is born rather than when they're already at school age

Make it a family affair

Get help from family to ensure you're meeting both K-12 and college education milestones. It's an excellent legacy planning opportunity

Consider higher contributions

Maximizing your contributions can ensure that you have enough to fund both K-12 and post-secondary education

Ensure your investment strategy is aligned

You may need to switch your savings approach or portfolio. Your financial professional can help you look at the big picture



NO MATTER YOUR EDUCATIONAL PATH, A 529 PLAN CAN HELP



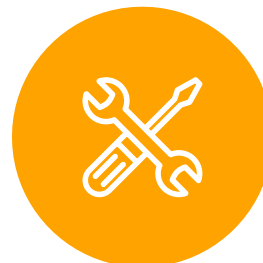
529 plan withdrawals can help cover a wide range of education-related expenses:



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.

A FINANCIAL PROFESSIONAL CAN HELP YOU SAVE FOR EDUCATION ... AND BEYOND



A financial professional can help with:

Comprehensive financial planning



Seeing and planning for the big picture: education savings, retirement planning and legacy planning goals

Robust asset allocation choices



Helping you select appropriate investments based on your objectives and investment risk tolerance – both active and passive strategies – with the objective of meeting your savings goals

Investing discipline



Disciplined investing isn't easy, but your financial professional can offer advice in maintaining your savings plans and focusing on your long-term goals

MYTH #1

529s will affect my child's
eligibility for financial aid



SAVING NOW MEANS POTENTIALLY BORROWING LESS LATER



Savings-focused strategy

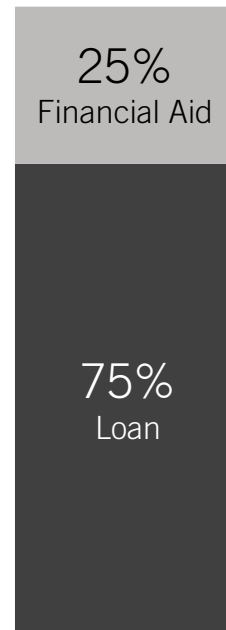


Sophie's family:
Savings-focused
education funding
strategy.

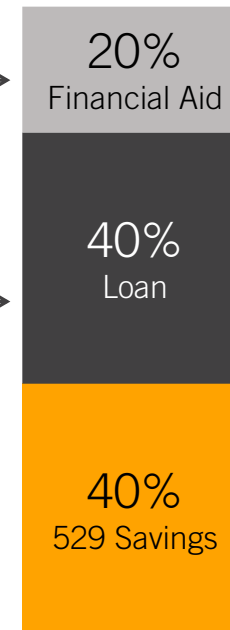
Assume Sophie's education costs \$100,000 and her family saved a portion of that in a 529 plan.

This reduced the amount of loans she would have to take, but did not create a large reduction in the amount of financial aid received.

Loan-focused strategy



Increased savings-focused strategy



Financial aid only decreased by **5%**

Savings-focused strategy resulted in **35%** less loans

For illustrative purposes only.

529S VERSUS STUDENT LOANS



A 529 strategy reduces out of pocket costs and student loans

A college education costs, on average, approximately \$104,000 for a four-year, in-state school for tuition and fees, room and board, books and supplies, as well as transportation.

	100% through a 529 plan	50% through a 529 and 50% through student loans	100% student loans
Scenario	A family invested \$247 monthly for 18 years in a 529 plan	A family invested \$123 a month in a 529 plan. The student then takes out a student loan for \$51,780 (payable over 10 years)	A student finances her entire \$104,000 expense through student loans (repaying over 10 years)
Investments			
Monthly investment	\$247	\$123	—
Years	18	18	—
Growth rate	7%	7%	—
Total invested	\$53,352	\$26,635	—
Future value	\$104,554	\$52,197	—
Loan ¹			
Loan amount	—	\$51,780	\$104,000
Interest	—	4.25%	4.25%
Years of repayment	—	10	10
Monthly payment	—	\$530	\$1,061
Loan total/Debt	—	\$63,650	\$127,301
Total out of pocket	\$53,352	\$90,285	\$127,301

¹ Assumes 10 years to pay off the loan and average annual return of 7% in the 529 plan account. This example's assumed rate of return is not guaranteed, and actual returns will vary. These hypothetical examples are for illustrative use only and do not reflect an actual investment in any specific 529 plan.

FINANCIAL AID



The *FAFSA Simplification Act* has changed federal college financial aid. This information is for the 2024-25 award year.

A SIMPLIFIED FAFSA FORM

The FAFSA form is easier to fill out – it's shorter, has fewer questions and many fields are prepopulated by the IRS.

CHANGE FROM EFC TO SAI

A new measure, the SAI, replaces the EFC to determine the ability to pay for college. A lower SAI signifies higher financial need.

SAI AND SIBLINGS

For dependent students, education savings will only be counted as a parental asset if the account is designated for the student.

GRANDPARENT-OWNED 529 PLANS

It's now easier for grandparents to play a bigger part in funding a grandchild's education.

WORK-SPONSORED RETIREMENT ACCOUNTS

Pre-tax contributions to retirement accounts will no longer be counted in a family's ability to pay for college.

CUSTODIAL PARENT DEFINITION CHANGES

If parents are divorced/separated, the parent that provides the greatest financial support to the student must fill out the FAFSA.

OLD

108 detailed questions focusing on demographics, educational and identification questions.



NEW

A maximum of 36 questions that streamlines the process and draws information directly from tax forms.

OLD

EFC assessed a student's available financial assets to determine financial need.



NEW

SAI can move into negative territory, as low as -1,500, to give greater insight into those families with exceptional need.

OLD

For parents with more than one child attending college, all 529 accounts were counted.



NEW

SAI treats each student as an individual and is not divided based upon the number of students attending college within the same family.

OLD

Funds withdrawn from a grandparent-owned 529 were included in the FAFSA "income test".



NEW

Distributions from non-parent-owned 529 savings accounts, i.e. grandparent-owned, will not be counted as student untaxed income.

OLD

Families disclosed contributions to work-sponsored retirement accounts, which counted as income.



NEW

Work-sponsored accounts, including 401(k)s, IRAs and Roth IRAs are no longer included in FAFSA financial aid calculations.

OLD

The parent that files is the one the student lived with (or lived with most) in the 12 months prior to applying.



NEW

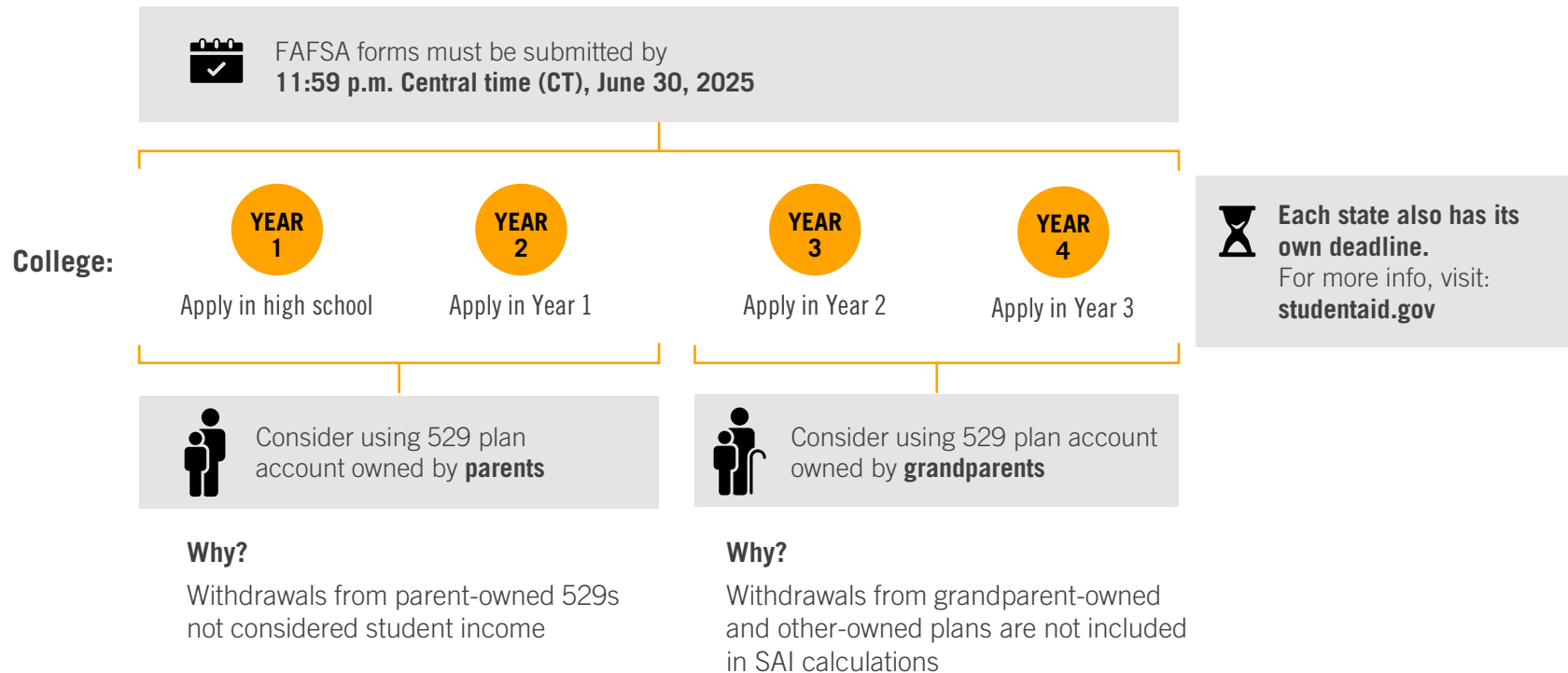
Parent providing the most financial support for the student in the 12 months prior to applying is the one that files. Child support is an asset, not income.

A CLOSER LOOK AT APPLYING FOR FINANCIAL AID



Key dates and considerations

Free Application for Federal Student Financial Aid (FAFSA®) needs to be applied for every year in college.



For illustrative purposes only.

GRANDPARENTS AND GENERATIONAL WEALTH TRANSFER



Lessen your estate tax burden and empower future generations

Potentially minimize some tax consequences with 529s

Move assets out of your estate into a grandchild/beneficiary's name

Create a source of education funding that can go from generation to generation

Account owner retains control



While Section 529 Plans can, under some circumstances be an effective way to facilitate intergenerational wealth transfer, a Section 529 Plan should be evaluated in light of other estate transfer planning vehicles such life insurance, trusts and other gifting strategies eligible for gift tax exclusions or gift tax exemptions. Your evaluation of wealth transfer objectives and of wealth transfer strategies should be conducted with the involvement of your tax advisors and an estate planning attorney. A Section 529 Plan does have limitations on account transfers and withdrawals are subject to penalties if not utilized for payment of qualified education expenses. This is general information and should not be construed as tax or investment advice.

IDEA: USING RMDs TO FUND A 529 PLAN

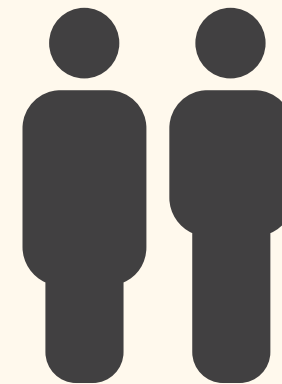


At age 73 you have to begin taking money annually out of your tax qualified retirement accounts (such as a traditional IRA) in the form of required minimum distributions (RMDs). These are taxable.

Option A



Invest the RMD in a taxable savings account and pay taxes on the earnings and when you use it



Age 73

Option B

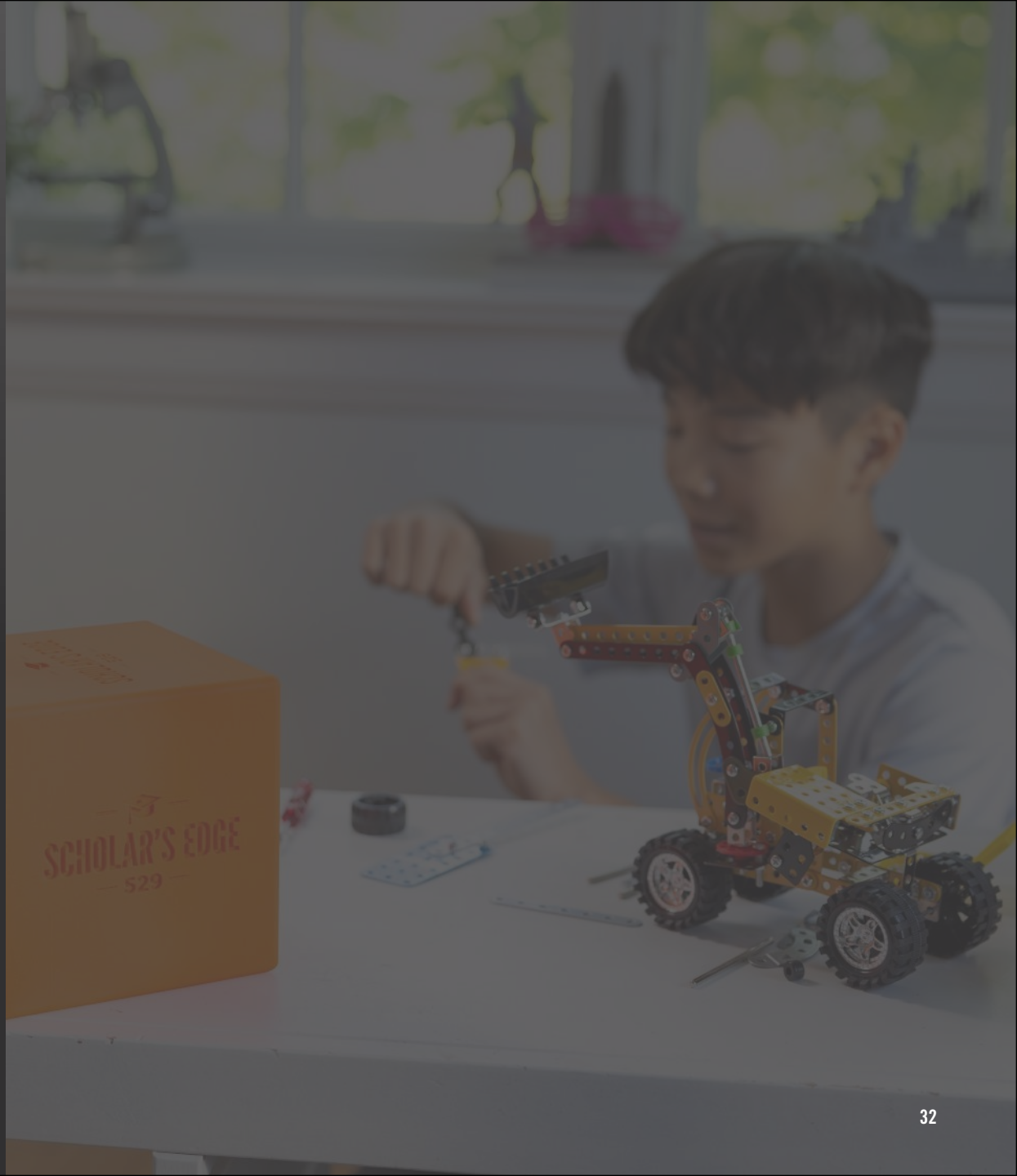


Fund a 529 plan, minimizing gift tax and growing/compounding tax free

Nearly all retirement accounts are subject to the RMD rule, such as IRAs, 401k, 403b, 457b and Keogh.

MYTH #2

I have to open a 529 plan in my home state



YOU CAN CHOOSE A 529 PLAN THAT IS OUT OF STATE



529 plans are state-sponsored, but that doesn't always mean you have to use your in-state 529 plan to save for college.

Any 529 plan can be used to pay for college in any state. You can use almost any state's 529 plan, with very few exceptions where a residency requirement may exist.

Approximately 29 states offer a state income tax deduction or state income tax credit for 529 plan contributions.



MYTH #3

I can just use my retirement savings
for my child's education savings

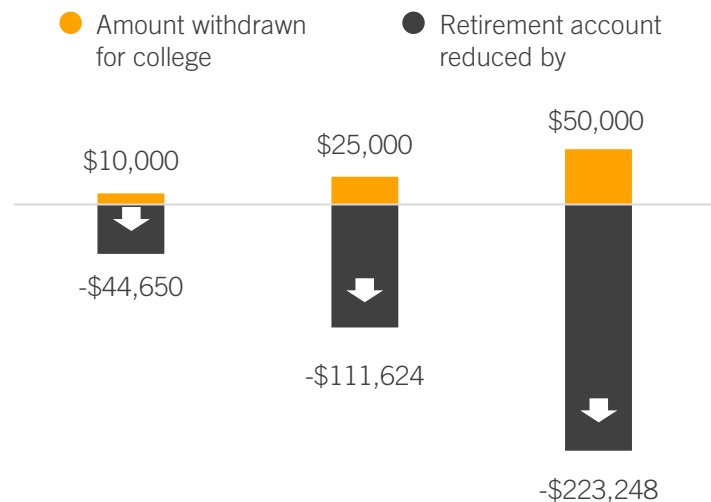


THE DANGER OF USING RETIREMENT FUNDS FOR EDUCATION



You lose the power of compounding

College withdrawals can jeopardize retirement security



Assume 6% interest, compounded monthly over 25 years.
This chart is for illustration purposes only and does not
represent the performance of any specific investment.

SAVE.

Investment returns
make a difference



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.

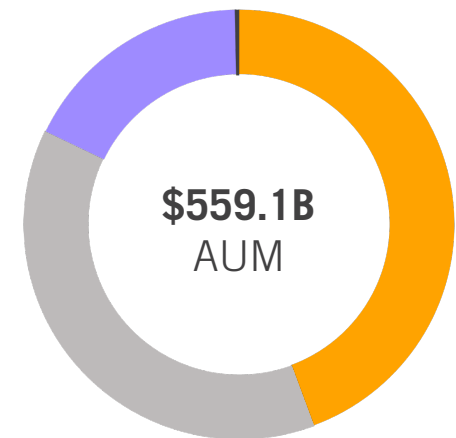
ABOUT PRINCIPAL ASSET MANAGEMENT

28th largest manager of worldwide institutional assets.¹

13-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.

Principal Asset Management



43.8%	Equities
38.0%	Fixed Income
17.9%	Real Estate
0.3%	Alternatives

As of December 31, 2024. See Important Information page for AUM description. Due to rounding, figures and percentages shown may not add to the totals or equal 100%.

¹ 411 managers ranked by total worldwide institutional assets as of 31 December 2023 "Largest Money Managers," PENSIONS & INVESTMENTS, June 2024.

² Pensions & Investments, "The Best Places to Work in Money Management" among companies with 1,000 or more employees, December 2024.

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



Comprehensive range of investment options

- Access broad asset classes, combining exchange traded funds, mutual funds, and life insurance funding agreements
- A capital preservation portfolio
- Robust and sophisticated glidepath technology



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, 2025. 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

11

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.

15

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.

11 YEAR OF ENROLLMENT PORTFOLIOS



Designed for beneficiaries who are expected to enroll in qualified education programs during the target years of the portfolio, seek to achieve long-term growth of capital, while preserving capital as they approach their target year of enrollment.





UNDERLYING FUND/ETF	TICKER	2042-2043 PORTFOLIO	2040-2041 PORTFOLIO	2038-2039 PORTFOLIO	2036-2037 PORTFOLIO	2034-2035 PORTFOLIO	2032-2033 PORTFOLIO	2030-2031 PORTFOLIO	2028-2029 PORTFOLIO	2026-2027 PORTFOLIO	2024-2025 PORTFOLIO	SCHOLAR'S EDGE TODAY PORTFOLIO
U.S. Equity												
iShares S&P 500 Stock Index ETF	IVV	26.05%	25.20%	23.30%	23.50%	22.50%	18.95%	16.05%	11.40%	6.20%	4.18%	3.90%
Principal Blue Chip R6 Fund	PGBHX	13.05%	12.60%	11.60%	11.80%	11.25%	9.45%	8.05%	5.70%	3.15%	2.05%	1.90%
Principal Equity Income Inst Fund	PEIIX	13.05%	12.60%	11.60%	11.80%	11.25%	9.45%	8.05%	5.70%	3.15%	2.05%	1.90%
Vanguard Mid-Cap Index Fund Institutional Shares	VMCIX	10.45%	10.10%	9.30%	6.45%	5.30%	4.45%	1.05%	0.00%	0.00%	0.00%	0.00%
SPDR S&P 600 Small Cap ETF	SPSM	6.95%	6.75%	6.20%	3.60%	2.65%	2.25%	0.55%	0.00%	0.00%	0.00%	0.00%
International Equity												
Principal Diversified International R6 Fund	PDIFX	25.15%	24.53%	22.95%	21.30%	19.30%	15.95%	12.20%	8.10%	3.85%	2.30%	2.15%
DFA Emerging Markets Fund	DFEMX	2.80%	2.73%	2.55%	1.45%	1.25%	1.00%	0.80%	0.50%	0.25%	0.17%	0.15%
Real Estate												
Principal Real Estate Securities R6 Fund	PFRSX	2.50%	2.50%	2.50%	2.10%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fixed Income												
Principal Core Fixed Income R6 Fund	PICNX	0.00%	2.40%	8.00%	12.00%	16.65%	24.65%	27.25%	32.95%	37.50%	33.60%	32.00%
iShares Core U.S. Aggregate Bond ETF	AGG	0.00%	0.60%	2.00%	3.00%	4.15%	6.15%	6.80%	8.25%	9.40%	8.40%	8.00%
Principal Short-Term Income Inst Fund	PSHIX	0.00%	0.00%	0.00%	1.50%	2.60%	3.85%	9.60%	13.70%	16.70%	19.35%	20.00%
Capital Preservation												
Scholar's Edge Guaranteed Contract	N/A	0.00%	0.00%	0.00%	1.50%	2.60%	3.85%	9.60%	13.70%	19.80%	27.90%	30.00%

The data shown above is effective as of March 10, 2025.

4 TARGET RISK PORTFOLIOS



Maintaining static weights to the listed asset classes and underlying strategies with the allocations gradually becoming more focused toward capital preservation and volatility control as the risk target becomes more conservative.

UNDERLYING FUND/ETF	TICKER	AGGRESSIVE PORTFOLIO	MODERATE PORTFOLIO	CONSERVATIVE PORTFOLIO	FIXED INCOME PORTFOLIO
					
● U.S. Equity					
iShares S&P 500 Stock Index ETF	IVV	22.65%	17.80%	10.00%	0.00%
Principal Blue Chip R6 Fund	PGBHX	11.35%	8.95%	5.00%	0.00%
Principal Equity Income Inst Fund	PEIIX	11.35%	8.95%	5.00%	0.00%
Vanguard Mid-Cap Index Fund Institutional Shares	VMCIX	9.10%	4.20%	0.00%	0.00%
SPDR S&P 600 Small Cap ETF	SPSM	6.05%	2.10%	0.00%	0.00%
● International Equity					
Principal Diversified International R6 Fund	PDIFX	22.50%	15.05%	7.05%	0.00%
DFA Emerging Markets Fund	DFEMX	2.50%	0.95%	0.45%	0.00%
● Real Estate					
Principal Real Estate Securities R6 Fund	PFRSX	2.50%	0.00%	0.00%	0.00%
● Fixed Income					
Principal Core Fixed Income R6 Fund	PICNX	9.60%	26.90%	34.80%	40.00%
iShares Core U.S. Aggregate Bond ETF	AGG	2.40%	6.70%	8.70%	10.00%
Principal Short-Term Income Inst Fund	PSHIX	0.00%	4.20%	14.50%	20.00%
● Capital Preservation					
Scholar's Edge Guaranteed Contract	N/A	0.00%	4.20%	14.50%	30.00%

The data shown above is effective as of March 10, 2025.

15 INDIVIDUAL PORTFOLIOS



Choose from a wide variety of investment options to create a personalized investment plan.

UNDERLYING FUND/ETF	TICKER	ESTIMATED UNDERLYING FUND INVESTMENT EXPENSES	TOTAL ANNUAL ASSET-BASED FEES FOR CLASS A	TOTAL ANNUAL ASSET-BASED FEES FOR CLASS C	TOTAL ANNUAL ASSET-BASED FEES FOR CLASS R
U.S. Large Cap					
iShares S&P 500 Stock Index ETF	IVV	0.03%	0.56%	1.31%	0.31%
Principal Blue Chip R6 Fund	PGBHX	0.57%	1.10%	1.85%	0.85%
Principal Equity Income Inst Fund	PEIIX	0.52%	1.05%	1.80%	0.80%
U.S. Small Cap					
SPDR S&P 600 Small Cap ETF	SPSM	0.03%	0.56%	1.31%	0.31%
U.S. Mid Cap					
Vanguard Mid Cap Index Fund Institutional Shares	VMCIX	0.04%	0.57%	1.32%	0.32%
Real Estate					
Principal Real Estate Securities R6 Fund	PFRSX	0.81%	1.34%	2.09%	1.09%
Non-U.S. Equity					
Principal Diversified International R6 Fund	PDIFX	0.76%	1.29%	2.04%	1.04%
Emerging Market Equity					
DFA Emerging Markets Fund	DFEMX	0.36%	0.89%	1.64%	0.64%
Core Fixed Income					
Principal Core Fixed Income R6 Fund	PICNX	0.34%	0.87%	1.62%	0.62%
iShares Core U.S. Aggregate Bond ETF	AGG	0.03%	0.56%	1.31%	0.31%
Short Term Fixed Income					
Principal Short-Term Income Inst Fund	PSHIX	0.43%	0.96%	1.71%	0.71%
Global Equity					
Vanguard Total World Stock ETF	VT	0.07%	0.60%	1.35%	0.35%
Non-U.S. Fixed Income					
Vanguard Total International Bond ETF	BNDX	0.07%	0.60%	1.35%	0.35%
U.S. High Yield					
NYLI MacKay High Yield Corporate Bond Fund	MHYSX	0.56%	1.09%	1.84%	0.84%
Capital Preservation					
Scholar's Edge Guaranteed Contract	N/A	0.00%	0.53%	0.78%	0.28%

The data shown above is effective as of March 10, 2025. Unit class availability varies by broker-dealer. Please check with your firm for details on how the plan is offered.

GLIDE PATH INNOVATION

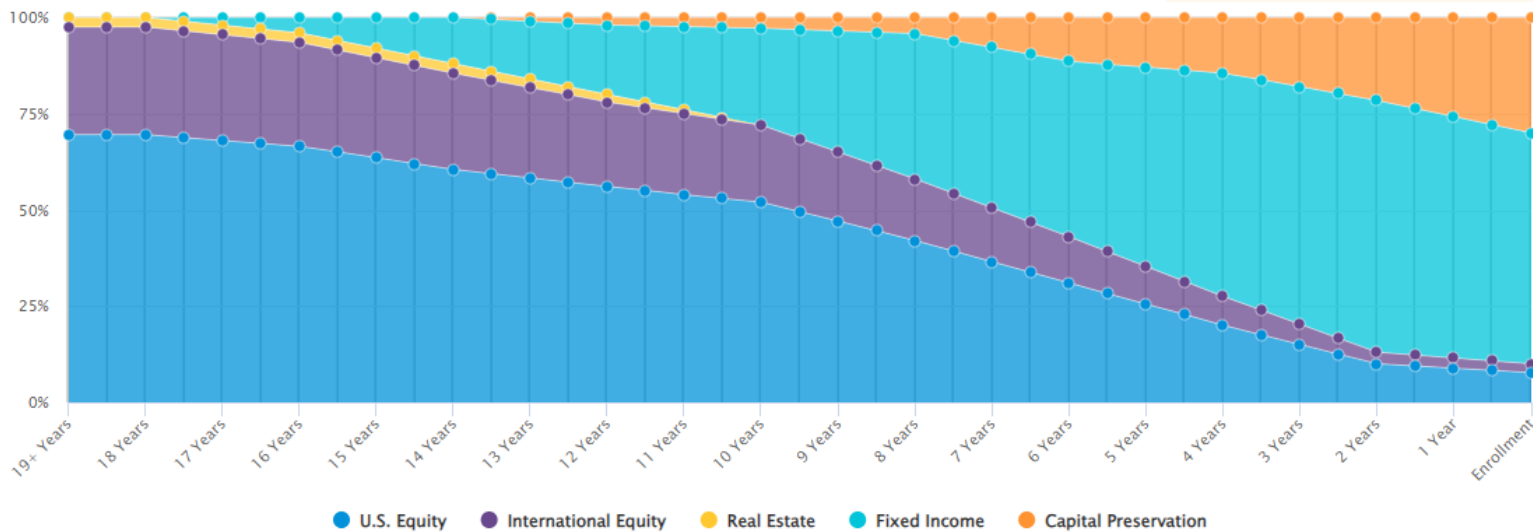


Creating an asset class mix designed to help manage investment risk at every time frame up to the expected year of enrollment

- Non-linear glidepath designed to minimize volatility in the Year of Enrollment Portfolios before education funds are needed
- Utilizes a number of investment managers and their disciplines – choosing active managers for the asset classes where it matters most
- Active asset allocation and monitoring by dedicated manager research team

Dynamic glidepath, built using:

- Educational statistics
- Average savings rates and forecasts
- Demographic and census data
- Tuition growth forecasts
- Risk assumptions



As of March 2025. **Asset allocation and diversification do not ensure a profit or protect against a loss.** The investment manager's investment philosophy and strategy may not perform as intended and could result in a loss or gain.

BENEFITS OF SCHOLAR'S EDGE 529 PLAN



Accessibility

We provide online resources and tools to easily manage your account across a range of topics:

- Additional contributions
- Withdrawals
- Investment changes
- Changes to banking instructions
- Changes to delivery preferences
- Profile updates
- Access to education savings resources

Flexibility

We've improved Scholar's Edge to make life's important choices even easier.

- Comprehensive range of investment options
- Low minimum investment with as little as \$1
- High maximum investment of \$500,000 per beneficiary
- No income limit – no matter your salary, you can start saving in the Scholar's Edge 529 Plan

THE POWER OF COMPOUNDING

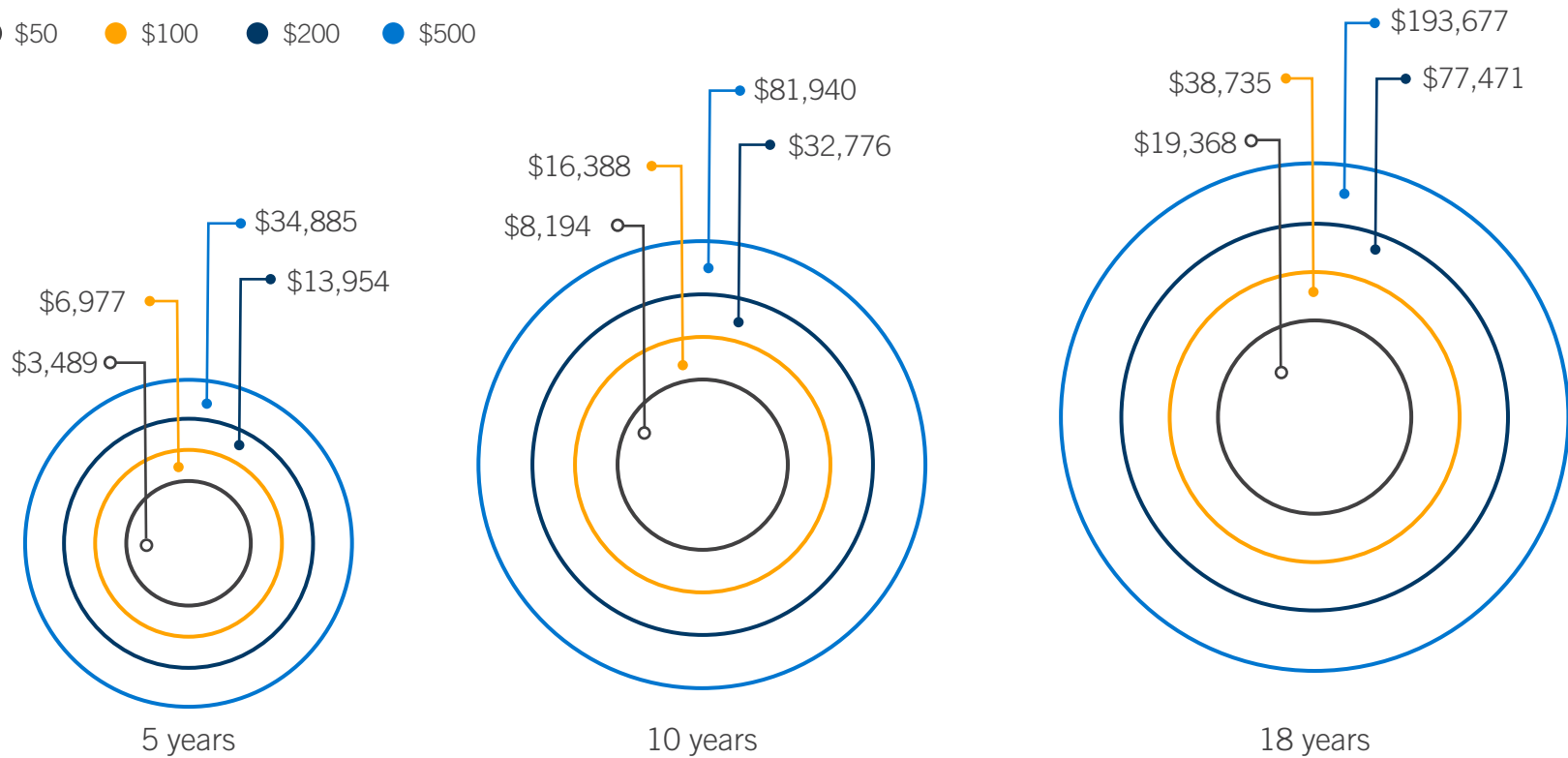


Time is on your side

Any contribution can potentially grow into a significant amount for education.

Monthly Contribution:

○ \$50 ● \$100 ● \$200 ● \$500



Assume 6% interest, compounded annually, in a non-taxable account. This chart is for illustration purposes only and does not represent the performance of any specific investment. Investment returns are not guaranteed, and you can lose money by investing. Investors should consider their ability to sustain periodic investment programs during periods of market downturns.

COFFEE BREAK VS. TAX BREAK



Every little bit can make a difference to help a child realize their dreams

To put it in perspective, allocating the money you would normally spend on a cup of coffee or eating out can add up to significant education savings over the course of 18 years.

Putting it in context ...


Based on an average price of coffee of \$2.99 and average price of a fast-food meal of \$12.00

By purchasing 1 coffee per week, you could have had:

 = \$4,648

Amount spent on 1 coffee per week over 18 years: \$2,583

By purchasing 1 meal per week, you could have had:

 = \$18,593

Amount spent on 1 meal per week over 18 years: \$10,368

By purchasing 5 coffees per week, you could have had:

     = \$23,164

Amount spent on 5 coffees per week over 18 years: \$12,917

By purchasing 5 coffees and 1 meal per week, you could have had:

      = \$41,757

Amount spent on 5 coffees and 1 meal per week over 18 years: \$23,285

Assume 6% interest, compounded monthly over 18 years. Assume 4 weeks per month for calculation of monthly cost. This comparison is shown for illustration purposes only and does not represent the performance of any specific investment. Assumes a contribution into a non-taxable account. This investment return assumption is not guaranteed, and you can lose money by investing. Sources: Cup of Coffee (\$2.99): <https://www.marketwatch.com/story/why-your-latte-costs-nearly-5-despite-plummeting-coffee-bean-prices-2019-04-26>; <https://finance.yahoo.com/news/why-the-price-of-coffee-is-rising-despite-falling-bean-prices-154605967.html>; Cost of Meal (\$12.00): <https://www.franchisehelp.com/industry-reports/fast-casual-industry-analysis-2018-cost-trends/>.

CONVENIENT CONTRIBUTION OPTIONS



Automatic Investment Programs (AIPs), like payroll direct deposit, allow you to “set it and forget it”



IT'S EASY TO GIVE THE GIFT OF EDUCATION WITH SCHOLAR'S EDGE



Opportunities for contribution and gifting



Ugift®

Gift contributions with Ugift®, an easy, free-to-use feature of Scholar's Edge to help fund your child's education. Friends and family can use your account's unique Ugift code at any time to easily make gift contributions at Ugift529.com.

Ugift is a registered service mark of Ascensus Broker Dealer Services, LLC.



Upromise®

Join Upromise for free and then buy groceries, shop online, book travel, dine at restaurants, and more—through participating partners. A percentage of your eligible spending will be deposited in your Upromise account. Signing up is fast, easy, and secure.

You can easily link your Upromise account with your eligible 529 account and have your education savings automatically transferred into your 529 plan.¹



Direct deposit

You can arrange for reoccurring contributions from your payroll direct deposit if allowed by your employer, or directly from your bank account.



Estate planning

Work with your financial professional to make 529s part of your estate planning process. Scholar's Edge allows you to contribute the following per beneficiary:

- \$19,000 individual
- \$38,000 filing jointly
- Lump sum over 5 years
 - \$95,000 individual
 - \$190,000 filing jointly

Contributions to your Scholar's Edge account may continue until your plan reaches \$500,000 per beneficiary.

¹ Upromise is an optional program offered by Upromise, Inc. and is separate from Scholar's Edge. Specific terms and conditions apply. Participating companies, contribution levels, terms and conditions are subject to change. Upromise, Inc. is not affiliated with the Program Manager.

SCHOLAR'S EDGE: A SMARTER CHOICE FOR EDUCATION SAVINGS



Scholar's Edge can help a child make the world a better place through smarter choices for education savings.



Dream



Learn



Save

A better education can help achieve a better tomorrow. We can help you plan for that.

**DREAM. LEARN. SAVE.
START TODAY.**

Any questions?



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.

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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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