

Scholar's Edge 529 Plan

An investor's guide to saving for education





529 plans: One of the best ways to save for education

You want to do all you can to help loved ones succeed, and that includes providing a solid education. The Scholar's Edge 529 plan is a tax-advantaged savings account designed to help families save for that dream.

It's a classic "save more now, pay less later" kind of thing.

Meaning, it's cheaper to save money now than to borrow money later for college or other education expenses. And the earlier you start, the more time you have to take advantage of compounding interest.

One of the challenges families face is the increasing cost of a college education. Take a look at how costs have risen over the last 30 years.

Year	Average annual cost of an in-state, four-year university*
1992	\$14,441
2002	\$18,012
2012	\$24,044
2022	\$26,903

*Average tuition, fees, room and board (both public and private)

Think about how that may continue to change over the next 10 to 20 years as your loved ones approach their expected year of enrollment. Investing in a 529 plan today may mean more money saved and less debt in the future.

Source: U.S. Department of Education, National Center for Education Digest of Statistics, 2022.

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.

Why Scholar's Edge?

Scholar's Edge helps make brighter tomorrows a reality through smarter choices for education savings.

- Deep asset allocation expertise – Principal is the largest provider of active, multi-manager target date funds in the United States.¹
- Institutional-quality portfolio construction – Our portfolios utilize multi-asset and multi-manager strategies, combining the advantages of active management and the cost savings of passive management. In effect, balancing risk-reward with cost efficiency to help you meet your education savings needs.
- Glide path innovation – We've built robust and sophisticated glidepath technology informed by real data on economics, markets and student behavior.
- Diverse range of investment options – 11 Year of Enrollment Portfolios, 4 Target Risk Portfolios, and 15 individual fund options, available in A, C, and R unit classes, to meet your risk and return needs.²
- Capital preservation – The Scholar's Edge Capital Preservation Portfolio offers a guaranteed annual interest rate of at least 1%.³ Stable returns and capital preservation mean greater education savings and estate planning flexibility.
- Knowledgeable teams – At Principal, we have knowledgeable teams supporting Scholar's Edge across various Principal business units.
- Support for clients – We provide you with the resources and tools to explore your education savings options and manage your future plans.

¹Source: Sway Research, State of Target Date Market, 2023. Rating refers to the AUM in the U.S. market. This ranking includes both Target Date CIT and Target Date funds.

²Unit class availability varies by broker-dealer. Please check with your firm for details on how the plan is offered.

³The 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.

Three types of portfolios to choose from

Our experienced investment managers analyze return forecasts, risk assumptions, tuition growth rates, average account balances, risk tolerance, and average savings rates to create our portfolio lineup designed for you to save for future education expenses.

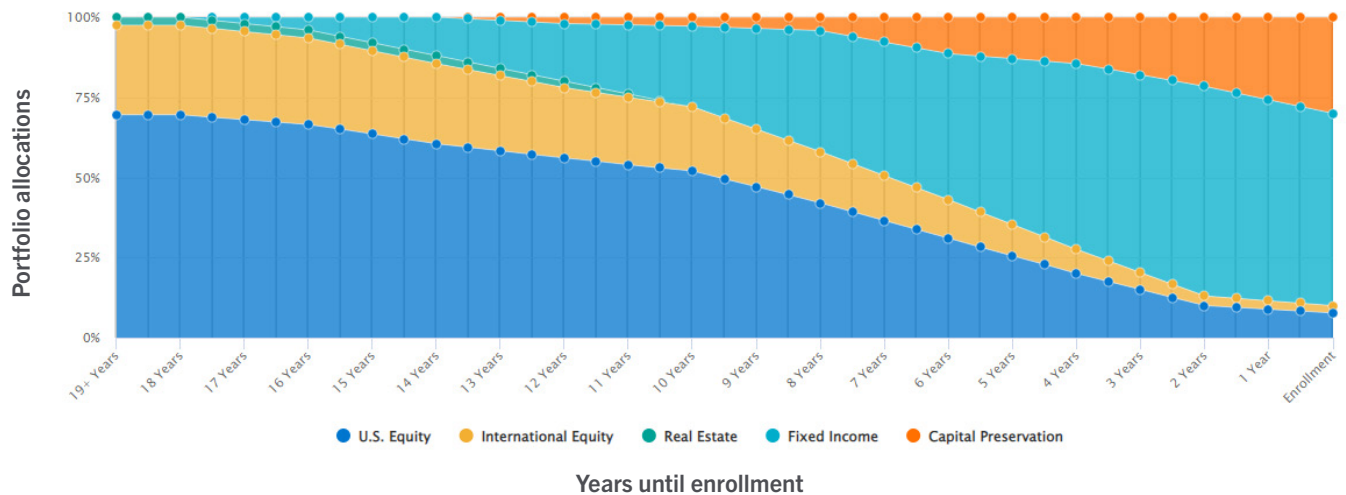
Scholar's Edge Year of Enrollment Portfolios

The Scholar's Edge Year of Enrollment Portfolios provide access to broad asset classes, and invest in exchange traded funds, mutual funds and life insurance company funding agreements. Each portfolio is designed for beneficiaries who expect to enroll in college or other qualified education programs between the target years of the portfolio.












These 11 portfolios seek to achieve long-term growth of capital, while also preserving capital, as they reach the target year the beneficiary is likely to enroll in school.

Preserving capital as enrollment nears

Scholar's Edge Year of Enrollment 529 Plan Glide Path



Year of Enrollment portfolios

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%	25.75%	24.40%	22.95%	23.40%	21.05%	17.20%	14.10%	8.70%	4.72%	3.90%
Principal Blue Chip R6 Fund	PGBHX	13.05%	12.90%	12.20%	11.50%	11.70%	10.50%	8.65%	7.05%	4.40%	2.35%	1.90%
Principal Equity Income Inst Fund	PEIIX	13.05%	12.90%	12.20%	11.50%	11.70%	10.50%	8.65%	7.05%	4.40%	2.35%	1.90%
Vanguard Mid-Cap Index Fund Institutional Shares	VMCIX	10.45%	10.30%	9.75%	8.20%	5.50%	4.95%	3.15%	0.00%	0.00%	0.00%	0.00%
iShares Small Cap Index ETF	IJR	6.95%	6.90%	6.50%	5.25%	2.75%	2.50%	1.60%	0.00%	0.00%	0.00%	0.00%
International Equity												
Principal Diversified International R6 Fund	PDIFX	25.15%	24.98%	23.80%	22.05%	20.15%	17.85%	14.10%	10.25%	6.05%	2.64%	2.15%
JPMorgan Emerging Mkts Equity R6 Fund	JEMWX	2.80%	2.78%	2.65%	2.15%	1.30%	1.15%	0.90%	0.65%	0.35%	0.19%	0.15%
Real Estate												
Principal Real Estate Securities R6 Fund	PFRSX	2.50%	2.50%	2.50%	2.40%	1.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fixed Income												
Principal Core Fixed Income R6 Fund	PICNX	0.00%	0.80%	4.80%	10.40%	14.10%	20.15%	27.00%	29.20%	35.75%	36.80%	32.00%
iShares Core U.S. Aggregate Bond ETF	AGG	0.00%	0.20%	1.20%	2.60%	3.50%	5.05%	6.75%	7.30%	8.95%	9.20%	8.00%
Principal Short-Term Income Inst Fund	PSHIX	0.00%	0.00%	0.00%	0.50%	2.20%	3.15%	6.00%	12.20%	15.20%	18.05%	20.00%
Capital Preservation												
Scholar's Edge Guaranteed Contract*	N/A	0.00%	0.00%	0.00%	0.50%	2.20%	3.15%	6.00%	12.20%	16.20%	23.70%	30.00%

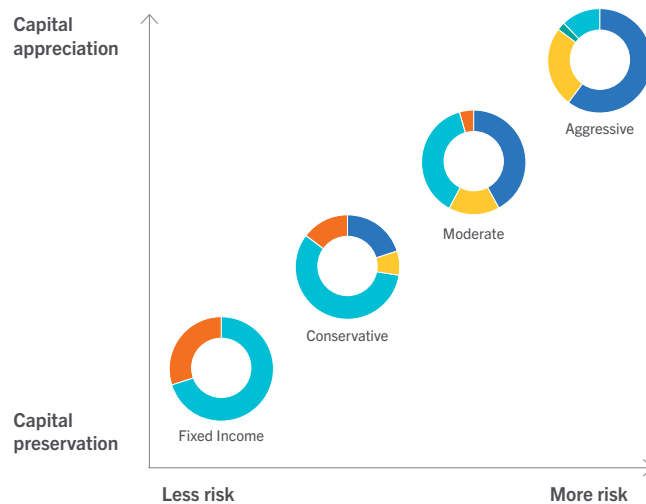
The data shown above is effective as of March 1, 2024.

* The Scholar's Edge Capital Preservation Portfolio is available through Principal Life Insurance Company, a member of the Principal Financial Group®, Des Moines, Iowa, 50392.

Scholar's Edge Target Risk Portfolios

Scholar's Edge Target Risk Portfolios provide access to broad asset classes, combining exchange traded funds, mutual funds, and life insurance funding agreements.

These four portfolios maintain static weights to these 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.



- U.S. Equity
- International Equity
- Real Estate
- Fixed Income
- Capital Preservation

		Aggressive Portfolio	Moderate Portfolio	Conservative Portfolio	Fixed Income Portfolio
Underlying Fund/ETF	Ticker				
● 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%
iShares Small Cap Index ETF	IJR	6.05%	2.10%	0.00%	0.00%
● International Equity					
Principal Diversified International R6 Fund	PDIFX	22.50%	15.05%	7.05%	0.00%
JPMorgan Emerging Markets Equity R6 Fund	JEMWX	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 1, 2024.

* The Scholar's Edge Capital Preservation Portfolio is available through Principal Life Insurance Company, a member of the Principal Financial Group®, Des Moines, Iowa, 50392.

Scholar's Edge Individual Portfolios

You and your financial professional can choose from 15 investment options to create your own personalized investment plan. Each Individual Portfolio is invested in an underlying mutual fund or exchange traded fund.

Underlying Fund/ETF	Ticker
U.S. Large Cap	
iShares S&P 500 Stock Index ETF	IVV
Principal Blue Chip R6 Fund	PGBHX
Principal Equity Income Inst Fund	PEIIX
U.S. Mid Cap	
Vanguard Mid-Cap Index Fund Institutional Shares	VMCIX
U.S. Small Cap	
iShares Small Cap Index ETF	IJR
Real Estate	
Principal Real Estate Securities R6 Fund	PFRSX
Non-U.S. Equity	
Principal Diversified International R6 Fund	PDIFX
Emerging Market Equity	
JPMorgan Emerging Markets Equity R6 Fund	JEMWX
Global Equity	
Vanguard Total World Stock ETF	VT
Core Fixed Income	
Principal Core Fixed Income R6 Fund	PICNX
iShares Core U.S. Aggregate Bond ETF	AGG
Non-U.S. Fixed Income	
Vanguard Total International Bond ETF	BNDX
Short Term Fixed Income	
Principal Short-Term Income Inst Fund	PSHIX
U.S. High Yield	
MainStay MacKay High Yield Corporate Bond R6 Fund	MHYSX
Capital Preservation	
Scholar's Edge Guaranteed Contract*	N/A



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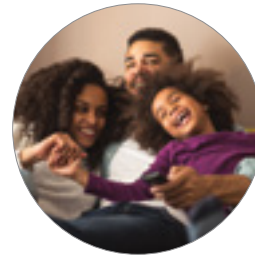
It's never too early to start saving

It's never too late to start saving but getting an early start can make a difference. Consider this example of two families.

- Both families opened 529 accounts with an initial deposit of \$5,000 and opted for monthly contributions of \$100.
- Both families earned 7.00% on their investment and neither made withdrawals during the savings time period.
- Family A invested in a 529 plan when their child was born and saved for 18 years. Family B waited until their child was 10 to begin saving.
- With the extra 10 years of saving, Family A earned **almost \$38,000 more** than Family B.



Family A



Family B

Scholar's Edge 529 Savings Plan	Invested \$100 monthly for 18 years in 529 Plan	Invested \$100 monthly for 8 years in a 529 Plan
Initial deposit	\$5,000	\$5,000
Monthly investment	\$100	\$100
Years investing	18	8
Growth rate	7%	7%
Total invested	\$26,600.00	\$14,600.00
Future value	\$59,229.47	\$21,364.69
Difference	\$37,864.78	

These hypothetical examples are for illustrative use only and do not reflect an actual investment in any specific 529 plan. The hypothetical examples assume a monthly contribution of \$100, return on average annual investment of 7% and no withdrawals during the 8 and 18 years. This example's assumed rate of return is not guaranteed and actual returns will vary. Please keep in mind that withdrawals from 529 Plan account 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.

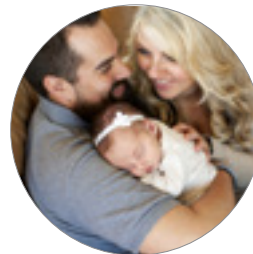
The power of tax-free growth

You have several options to choose from when saving for future educational needs. Consider for two families who invested differently.

- 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 7.00% on their investment.
- Family C invested in a 529 plan while Family D opened a taxable savings account.
- With the tax-free savings of investing in a 529 plan, Family C had **almost \$11,000 more** than Family D.



Family C



Family D

Savings Plans	Invested \$150 monthly in 529 Plan	Invested \$150 monthly in a taxable savings account
Initial deposit	\$1,000	\$1,000
Monthly investment	\$150	\$150
Years investing	18	18
Growth rate	7%	7%
Total contributed	\$33,400	\$33,400
Taxes	0%	24%
Future value	\$66,874.64	\$55,982.59
Difference	\$10,892.05	

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 average annual investment of 7% and no withdrawals during the 18 years. This example's assumed rate of return is not guaranteed and actual returns will vary. The difference in ending values between the 529 Plan account and the taxable account is due to the capital gains tax accrued annually on that account's earnings which is assumed to diminish the taxable account's value. Please keep in mind that withdrawals from 529 Plan account 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.

Ways to contribute

You can contribute in a variety of ways, so choose what works best for you.

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.

Payroll direct deposit. You can arrange to add money to your account regularly from your payroll using direct deposit (if allowed by the employer) or contribute directly from your bank account.

Upromise®. You can join Upromise for free and link a debit or credit card to your account. When you use that card(s) at participating dining and shopping partners, a percentage of your eligible spending will be deposited in your Upromise account. Those funds can be automatically transferred to your Scholar's Edge 529 plan. Sign up is quick, easy, and secure. Visit Upromise.com for more details.

Estate planning. Please consider working with your financial professional and tax advisor to make 529 plans part of your estate planning. Scholar's Edge allows you to contribute these amounts per beneficiary:

- \$18,000 individually
- \$36,000 jointly with your spouse
- \$90,000 individual lump-sum contribution (spread over 5 years)
- \$180,000 joint lump-sum contribution (spread over 5 years)

You can contribute to a Scholar's Edge 529 Plan until it reaches \$500,000 per beneficiary.



How to get started

Scholar's Edge offers tax-advantaged savings opportunities, a variety of portfolio options to fit your education savings needs, and online access to your account, plus helpful tools.

To begin saving with us, simply contact your financial professional to open an account.

Once you open an account, you can set up automatic contributions, share your account with Ugift, and track your savings online.

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

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Frequently asked questions about 529 plans

What is a 529 plan?	It's a tax-advantaged investment plan in the United States that allows you to save for future higher education expenses for a beneficiary you've chosen.
Who can be a beneficiary?	Anyone with a Social Security number can be the beneficiary of a 529 plan. The account owner and beneficiary don't have to be related. The account can be for you, a family member, or a friend, and you can change the beneficiary at any time. (While there are no tax consequences to changing the beneficiary to a family member, you should talk to your tax professional about your specific circumstances.)
Who can be an account owner?	U.S. citizens or residents 18 or older with a Social Security number can open an account, select investment options, choose a beneficiary, and request distribution of funds.
Can a 529 be used for institutions other than college?	Yes. A 529 plan can be used for eligible four-year colleges and universities, trade and vocational schools, community colleges, some foreign institutions, and tuition for qualified kindergarten through 12th grade schools.
What is a "qualified" education expense?	Qualified withdrawals are for the beneficiary's expenses at an eligible institution. Expenses that can be paid include: tuition, fees, supplies, books, equipment, and room and board for beneficiaries who attend on at least a half-time basis. Distributions for K-12 education may be federally tax free but may have state income tax consequences. Consult your tax professional for more information about the state where you live. According to the SECURE Act, you can use 529 plans to repay up to \$10,000 in qualified student loans.
Can money be rolled over from another plan?	Yes. The account owner can roll over funds from one 529 plan to another with certain limits.
How do I withdraw money from the 529 plan?	Withdrawals from your Scholar's Edge 529 plan can be made with a distribution request form or by contacting 1.866.529.SAVE (1.866.529.7283), Monday through Friday, 8:00 am to 7:00 pm MT. Non-qualified withdrawals could incur tax penalties.
Should I use student loans to pay for school or a 529 plan?	Financing education using student loans is an option that many students and their families use. Saving in a 529 plan, however, can help students achieve a debt-free education because the money for school is saved in advance while earning interest. Student loans must be paid back with interest.
How does a 529 plan impact financial aid?	A 529 plan can affect financial aid, but it varies by person. Federal financial aid is a needs-based award determined by the cost of attendance (total amount to attend school for one year) and the student aid index, which is based on the income and assets of both the parents and student. All schools that offer financial aid require students to complete the Free Application for Federal Student Aid (FAFSA) form, which helps determine the amount of federal financial aid you may be eligible for. Parent-owned accounts for a dependent beneficiary counts as parental assets.
Where can I find each state's tax deduction for 529 plans?	Visit ScholarsEdge529.com to learn more about state tax benefits.

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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