



Scholar's Edge 529 Plan

**Dream.
Learn.
Save.
*For grandparents***

* Investment management by:



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



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.

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



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 as 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 72 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 72

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.

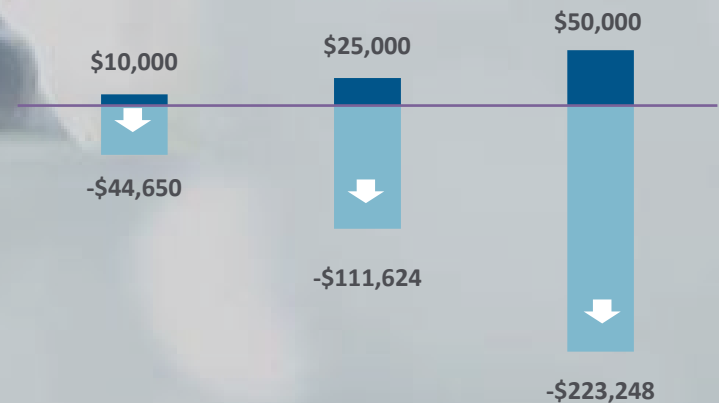
The danger of using retirement funds for education

You lose the power of compounding



College withdrawals can jeopardize retirement security

- Amount withdrawn for college
- Retirement account reduced by



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.

Financial aid

Financial aid is needs based and is determined by:

$$\text{COST OF ATTENDANCE} - \text{EXPECTED FAMILY CONTRIBUTION (EFC)} = \text{FINANCIAL NEED}$$

	OWNERSHIP		
	STUDENTS	PARENTS	GRANDPARENTS
Income included in calculation	50% of adjusted student gross income	22%-47% of available income	If providing financial support in the first two years, reportable as student income
Assets included in calculation	20% of assets for UGMA/UTMA assets, minor trusts and savings bonds	Up to 5.64% of assets such as mutual funds, securities, bank accounts, 529 plans owned by the parent or student and Coverdell accounts	Not included

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

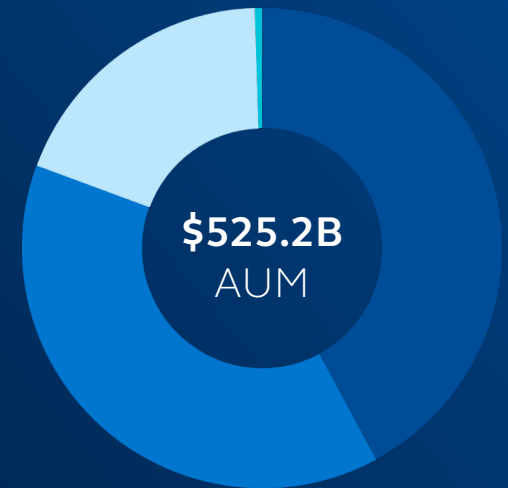
23rd largest manager of worldwide institutional assets.¹

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



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.

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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.

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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