



**DREAM.
LEARN.
SAVE.**



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 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

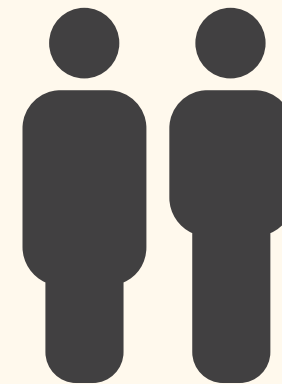


At age 73 you have to begin taking money annually out of your tax qualified retirement accounts (such as a traditional IRA) in the form of required minimum distributions (RMDs). These are taxable.

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.

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.

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.

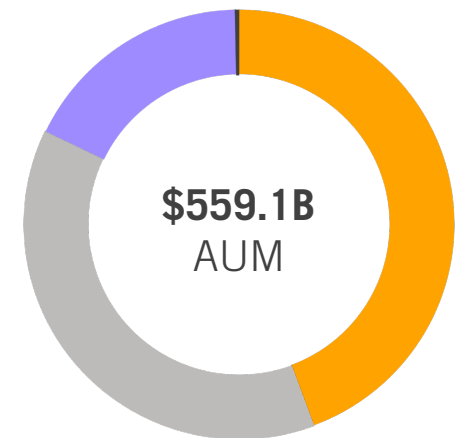
ABOUT PRINCIPAL ASSET MANAGEMENT

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

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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.

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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