

Help a grandchild with college costs —  
and get tax benefits, too

# Putnam 529 for America<sup>SM</sup>

Putnam 529 for America is a great way to help with college savings:

- Proceeds can be used for any eligible college in the country
- Anyone can contribute on behalf of the child
- You pay no federal income taxes on earnings or withdrawals for qualified higher education expenses
- A wide range of investment choices: age-based portfolios, goal-based portfolios, and individual fund options from Putnam and other firms

## You keep control of your assets

Even though your grandchild is the beneficiary, you always control withdrawals from the account. The money will not transfer to the child when the child reaches legal age, as is the case with other types of savings accounts. In addition, you can change the beneficiary to a different family member at any time.

## You can reinvest your IRA distributions

Required minimum distributions from your retirement plan account can be contributed to your Putnam 529 for America account. While you will pay income taxes on the IRA distributions, your money will have the opportunity to continue growing tax free.

## Multiple tax benefits

- You pay no federal income taxes on account earnings while the account is invested and no federal income taxes when you withdraw the money to pay for qualified higher education expenses of your beneficiary.
- A special exclusion enables you to make up to five years' worth of gifts in a single year to a single beneficiary without triggering the federal gift tax. The maximum for individuals is \$85,000; maximum for married couples is \$170,000.\*
- Putnam 529 for America may provide estate tax benefits to families whose estates exceed the estate tax exemption. Although contributions are removed from your estate for estate tax purposes, you retain control over the assets, a benefit unique to 529 plans.



## Case study: Putnam 529 for America in action

Grandparents who use Putnam 529 for America can reduce their potential federal estate tax bill while retaining control over the assets and saving for the rising costs of college.

### Grandparent uses Putnam 529 for America

Current gross estate value ..... \$13,175,000

Contributes ..... \$255,000

Child A	Child B	Child C
\$85,000 Age 11	\$85,000 Age 5	\$85,000 Age 2

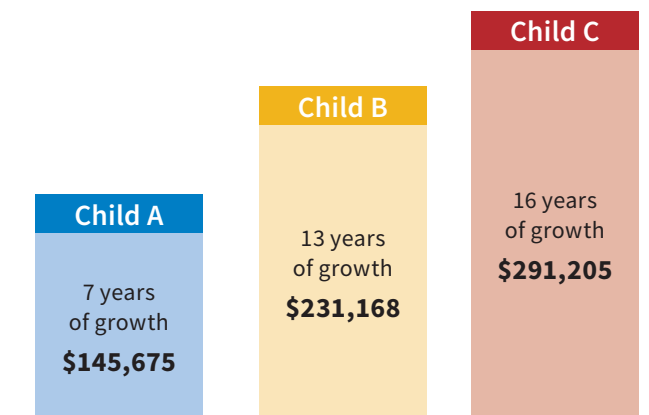
Adjusted gross estate value ..... \$12,920,000

The value of a 529 plan is removed from your estate for federal estate tax purposes. Contributions to a 529 plan that are allocated for federal gift tax purposes to years after your death will be included in your estate.

Estate tax exemption for 2023 ..... \$12,920,000

Estate taxes due ..... \$0

### Hypothetical value of Putnam 529 for America accounts when children reach age 18



Assumes an initial investment of \$85,000 for each child and a hypothetical 8% annual return for Putnam 529 for America accounts. It does not reflect the return of any particular Putnam 529 for America option, which will fluctuate.

### Did you know?

- 529 accounts and financial aid:** 529 assets owned by grandparents and others who are not parents of the student applicant are not included on the Free Application for Federal Student Aid (FAFSA). **Important update:** Beginning with the 2024–2025 school year, distributions from these 529 plans to cover college expenses are no longer considered as part of the “income test” for determining financial aid as part of the FAFSA filing. This is a positive development that increases the potential to receive aid. Consult with a qualified financial aid counselor for more assistance.
- State-specific taxes:** While much attention is focused on the federal estate tax, certain residents need to know that many states have estate or inheritance taxes. There are a number of states that are “decoupled” from the federal estate tax system. This means they apply different tax rates or exemption amounts. A taxpayer may have net worth comfortably below the ~\$13 million exemption amount for federal estate taxes but be well above the exemption amount for their particular state. It’s important to consult with an attorney on specific state law and potential options to mitigate state estate or inheritance taxes.

**This example is for illustrative purposes only.**

\* Contributions to 529 college savings plans are generally treated as gifts to the beneficiary for federal gift tax purposes, including generation-skipping transfer taxes, and are subject to an annual federal gift tax exclusion amount (\$17,000 for 2023). Contributors to 529 college savings plans may elect to treat contributions in excess of that amount (up to \$85,000 for 2023) as prorated over 5 years. Election is made by filing a federal gift tax return. While contributions are generally excludable from contributor’s gross estate, if electing contributor dies during 5-year period, amounts allocable to years after death are includable in contributor’s gross estate. Consult your tax advisor.

**For informational purposes only. Not an investment recommendation.**

Putnam 529 for America is sponsored by the State of Nevada, acting through the Board of Trustees of the College Savings Plans of Nevada, and administered by the State Treasurer’s Office. Anyone may invest in the plan and use the proceeds to attend school in any state. **Before investing, consider whether your state’s plan or that of your beneficiary offers state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that may not be available through Putnam 529 for America.** If you withdraw money for something other than qualified higher education expenses, you will owe federal income tax and may face a 10% federal tax penalty on earnings. Consult a tax advisor.

**You should carefully consider the investment objectives, risks, charges, and expenses of the plan before investing. For an offering statement containing this and other information about Putnam 529 for America, call Putnam’s dedicated 529 hotline at 1-877-PUTNAM529. You should read the offering statement carefully before investing. Putnam Retail Management, principal underwriter and distributor. Putnam Investment Management, investment manager.**