

FAQs for Financial Advisors

NEW YORK'S 529 ADVISOR-GUIDED COLLEGE SAVINGS PROGRAM®



As an employee benefit, a 529 college savings plan offers simple low-cost administration for employers, along with tax-advantaged investing at NAV for participants. The following FAQs can help you understand the issues, advise your clients and capture the planning opportunities.

General questions

How do financial advisors benefit?

The Advisor-Guided Plan can add value to financial advisor relationships with corporations, small business owners and retirement plan sponsors. It also gives advisors the opportunity to counsel key employees on assets both inside and outside the 529 account.

How do employers benefit?

A 529 plan can improve employee benefits, retention and morale – with no start-up costs or recordkeeping expenses for the employer. One simple form is all it takes to get started.

How do employees benefit?

A 529 plan offers tax-deferred growth potential and tax-free withdrawals for qualified education expenses.*

As part of a group plan, employees receive the added benefit of buying Class A units without sales charges – thus putting more money to work for college. This ability to invest at NAV would not be available if employees opened 529 accounts on their own.

How are financial advisors compensated?

Financial advisors receive a 25-basis-point immediate trail payment on the total assets under management. There is no finder's fee or up-front commission.

Will financial advisors receive any participant information?

Yes. Financial advisors can access all statements, confirmations and account information via the 529 QuickView portal. They can register at www.529quickview.com.

Who is eligible to participate and receive NAV pricing?

Any employer with a valid tax ID is eligible. All employees enrolled in the group plan are eligible to receive NAV pricing.

Is there a minimum number of employees required for a group plan?

No. Unlike some other 529 plans, the Advisor-Guided Plan does not require a minimum number of participants.

Does the employer have any fiduciary responsibilities (i.e., ERISA)?

No. Unlike a retirement plan, the employer does not have any fiduciary responsibilities.

What happens if an employee leaves the company?

The employee will remain eligible for NAV pricing. If the employee had been using payroll direct deposit, a new contribution method must be chosen.

* Earnings on non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. Federal law allows distributions for tuition expenses in connection with enrollment or attendance at an elementary or secondary public, private or religious school ("K-12 Tuition Expenses") of up to \$10,000 per beneficiary per year. Under New York State law, distributions for K-12 Tuition Expenses will be considered non-qualified withdrawals and will require the recapture of any New York State tax benefits that have accrued on contributions.

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How to establish a 529 employer group plan

Is a financial advisor needed to set up a group plan?

Yes. Both the financial advisor and the employer contact must sign the *Employer Group Verification Form* to set up a plan and establish a Group ID. The financial advisor must also sign the *Enrollment Application* for each participating employee.

How does the financial advisor establish a group plan?

1. The financial advisor and employer contact complete and sign the *Employer Group Verification Form* (order code 529-F-EMPGRP).
2. Return the *Employer Group Verification Form* and any other required documents to the appropriate address (see last page).
3. After the documents are processed, the financial advisor will receive the employer's assigned Group ID. This ID must appear on all completed Enrollment Applications to ensure NAV pricing for employees.

Certain dealers have additional requirements. Check with your home office for details.

How long does it take to set up a group plan?

We create the Group ID within three business days after receiving the *Employer Group Verification Form*. However, the financial advisor can enroll employees simultaneously by submitting completed Enrollment Applications along with the *Employer Group Verification Form*.

How will the financial advisor be notified that the form has been processed and a Group ID has been assigned?

We will call the financial advisor with the Group ID. In addition, a written confirmation will be mailed.

Who should the financial advisor call if notification is not received?

Call the J.P. Morgan Advisor Service Center at 1-800-774-2108 between 8AM and 7PM Eastern time, Monday through Friday.

A group plan was originally set up with Columbia, the previous investment manager. How can the financial advisor find that Group ID and add a new employee?

An employer group plan in the Advisor-Guided Plan must have a Group ID from J.P. Morgan in order for new employees to be added. The financial advisor should follow these steps if a plan was initially set up with Columbia:

- Establish a new group plan and ID for the employer, using the process described above.
- List existing employees to be included in the plan in Section 3 of the *Employer Group Verification Form*.
- Enroll any new employees simultaneously by submitting their completed Enrollment Applications together with the *Employer Group Verification Form*.

Can an employer work with multiple advisors to offer a group plan?

Yes, an employer can work with multiple advisors. A separate Group ID is assigned to each advisor for their respective share of the business. However, employers cannot change the advisor of record on employee accounts. Employees work directly with the advisor who manages their relationship.

Payroll direct deposit and other contributions

Is payroll direct deposit mandatory?

No. While many employees find it easiest to contribute via payroll direct deposit, they can also fund accounts with checks, automatic investment plans, Recurring Contributions or rollovers from another 529 plan.

What's the process for investing through payroll direct deposit?

1. To set up payroll direct deposit:

New accounts: On the *Enrollment Application*, employees select payroll direct deposit in Section 9.

Existing accounts: Employees either complete and mail a *Payroll Direct Deposit Form* (529-F-PDP) or set up direct deposit online at www.ny529advisor.com.

2. After the payroll direct deposit request is received and processed:

Paper forms: Within one to two business days, a *Payroll Deduction Form* is mailed to employees for their signature and submission to the payroll department.

Online: The *Payroll Deduction Form* can be printed immediately, signed by the employee and then submitted to the payroll department.

The *Payroll Deduction Form* lists the ABA routing number and 529 account number. Employees work with their payroll department to set up the 529 account as a direct deposit. The process is similar to establishing direct deposit to a checking account.

How will the employer's payroll representative be notified of new employee account openings?

There's no need to notify payroll representatives of new participants unless payroll direct deposit is chosen. In that case, the employee must notify the payroll representative to arrange contributions to the 529 account.

Our *Payroll Deduction Form* provides all the necessary ACH information. Some employers may have an automated process that allows employees to initiate direct deposits with the information on the form.

How can employees change their payroll deduction amount?

Employees can change their payroll deduction amount in two ways:

Online: Employees can access their account at www.ny529advisor.com. From there, they can change the dollar amount and print an updated *Payroll Deduction Form* to sign and submit to the payroll department.

By phone: Employees can call 1-800-774-2108 to request that an updated *Payroll Deduction Form* be mailed to them. They would then sign the form and submit it to the payroll department.

How do participants make electronic or lump-sum contributions?

Electronic bank transfers can be scheduled online at www.ny529advisor.com. Checks should be mailed to the appropriate address (see last page).

Enrollment and marketing

How is enrollment handled?

The financial advisor is responsible for establishing the group plan, conducting educational meetings and enrolling employees. J.P. Morgan provides educational marketing materials and required forms.

What marketing materials are available?

To help financial advisors get started, we've developed the following materials:

- Guide for employers (529-EG-EMPLOYER)
- Guide for employees (529-EG-EMPLOYEE)
- Group plan marketing kit that includes both the guides for employers and employees, all required forms and the Advisor-Guided Plan mini-brochure (529-GROUPKIT)

Can employer logos be added to enrollment materials?

No, company logos cannot be included on Plan materials.

How do I order group plan literature or other marketing materials?

Financial advisors can call the J.P. Morgan Advisor Service Center at 1-800-774-2108 between 8AM and 7PM Eastern time, Monday through Friday.

FOR MORE INFORMATION

- **J.P. Morgan Advisor Service Center:** 1-800-774-2108 | 8AM-7PM ET, M-F
- **Regular mail:** New York's 529 Advisor-Guided College Savings Program | P.O. Box 55498 | Boston, MA 02205
- **Overnight mail:** New York's 529 Advisor-Guided College Savings Program | 95 Wells Avenue, Suite 155 | Newton, MA 02459

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Before you invest, consider whether your or the Beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.

The Comptroller of the State of New York and the New York State Higher Education Services Corporation are the Program Administrators and are responsible for implementing and administering New York's 529 Advisor-Guided College Savings Program (the "Advisor-Guided Plan"). Ascensus Broker Dealer Services, LLC serves as Program Manager for the Advisor-Guided Plan. Ascensus Broker Dealer Services, LLC and its affiliates have overall responsibility for the day-to-day operations of the Advisor-Guided Plan, including recordkeeping and administrative services. J.P. Morgan Investment Management Inc. serves as the Investment Manager. J.P. Morgan Asset Management is the marketing name for the asset management business of JPMorgan Chase & Co. JPMorgan Distribution Services, Inc. markets and distributes the Advisor-Guided Plan. JPMorgan Distribution Services, Inc. is a member of FINRA.

No guarantee: None of the State of New York, its agencies, the Federal Deposit Insurance Corporation, J.P. Morgan Investment Management Inc., Ascensus Broker Dealer Services, LLC, JPMorgan Distribution Services, Inc., nor any of their applicable affiliates insures accounts or guarantees the principal deposited therein or any investment returns on any account or investment portfolio.

New York's 529 College Savings Program currently includes two separate 529 plans. The Advisor-Guided Plan is sold exclusively through financial advisory firms who have entered into Advisor-Guided Plan selling agreements with JPMorgan Distribution Services, Inc. You may also participate in the *Direct Plan*, which is sold directly by the Program and offers lower fees. However, the investment options available under the Advisor-Guided Plan are not available under the *Direct Plan*. The fees and expenses of the Advisor-Guided Plan include compensation to the financial advisory firm. Be sure to understand the options available before making an investment decision.

For more information about New York's 529 Advisor-Guided College Savings Program, you may contact your financial advisor or obtain an Advisor-Guided Plan Disclosure Booklet and Tuition Savings Agreement at www.ny529advisor.com or by calling 1-800-774-2108. This document includes investment objectives, risks, charges, expenses, and other information. You should read and consider it carefully before investing.

The Program Administrators, the Program Manager and JPMorgan Distribution Services, Inc., and their respective affiliates do not provide legal or tax advice. This information is provided for general educational purposes only. This is not to be considered legal or tax advice. Investors should consult with their legal or tax advisors for personalized assistance, including information regarding any specific state law requirements.

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