College savers considering or already investing in UGMA or UTMA accounts can often pay lower taxes and receive more financial aid by using a 529 plan instead.

Two reasons to choose a 529 college savings plan

1 | Keep more of what you earn for college

With UGMAs/UTMAs, investment earnings above $2,200 in 2019 are subject to the “kiddie tax,” based on the same aggressive tax rates used for trusts and estates. With a 529 plan, earnings are not taxed each year, so more money stays in your account. And withdrawals are tax free when used to pay any qualified higher education expense at any eligible school in the U.S. or overseas.

2 | Improve your eligibility for financial aid

In the formula used to award federal financial aid, 529 accounts owned by parents count less than student-owned assets like UGMAs/UTMAs, which could help you receive more aid.

529 PLANS OFFER MORE FAVORABLE TAX TREATMENT

<table>
<thead>
<tr>
<th>Investment earnings</th>
<th>UGMA/UTMA account</th>
<th>529 college savings plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $1,100</td>
<td>Tax free</td>
<td></td>
</tr>
<tr>
<td>$1,101 – $2,200</td>
<td>Child’s tax rate, usually 10%</td>
<td>0% Tax free for qualified higher education expenses</td>
</tr>
<tr>
<td>$2,201 – $4,800</td>
<td>10% tax rate</td>
<td></td>
</tr>
<tr>
<td>$4,801 – $11,500</td>
<td>24% tax rate</td>
<td></td>
</tr>
<tr>
<td>$11,501 – $14,950</td>
<td>35% tax rate</td>
<td></td>
</tr>
<tr>
<td>Over $14,950</td>
<td>37% tax rate</td>
<td></td>
</tr>
</tbody>
</table>

See the impact on college funds on the next page.

1 The Kiddie Tax takes effect if the child’s interest, dividends and other unearned income total more than $2,200.
2 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.
3 Applies to children under age 19 and full-time dependent students under 24, based on 2019 tax rates.

INVESTMENTS ARE NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

New York’s 529 Advisor®
College Savings Program

J.P.Morgan Asset Management
Keep more of what you earn for college

Because 529 plans are not taxed each year, they have the potential to grow faster than taxable UGMA/UTMA accounts earning the same investment returns. Over time, that can mean bigger college funds and less need for expensive student loans.

<table>
<thead>
<tr>
<th>Initial Investment</th>
<th>Account Value after 6 Years</th>
<th>Account Value after 12 Years</th>
<th>Account Value after 18 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50,000</td>
<td><strong>Taxable UGMA/UTMA</strong> $70,123</td>
<td><strong>Tax-advantaged 529 plan</strong> $70,926</td>
<td><strong>Taxable UGMA/UTMA</strong> $97,713</td>
</tr>
<tr>
<td></td>
<td><strong>Taxable UGMA/UTMA</strong> $70,926</td>
<td><strong>Tax-advantaged 529 plan</strong> $141,852</td>
<td><strong>Taxable UGMA/UTMA</strong> $142,717</td>
</tr>
<tr>
<td>$100,000</td>
<td><strong>Taxable UGMA/UTMA</strong> $137,466</td>
<td><strong>Tax-advantaged 529 plan</strong> $201,220</td>
<td><strong>Taxable UGMA/UTMA</strong> $253,243</td>
</tr>
</tbody>
</table>

Over $30,000 more with a 529 plan

Source: J.P. Morgan Asset Management. Assumes 6% annual returns, compounded monthly. UGMA/UTMA is taxed according to 2019 rules; investment earnings in excess of $1,100 are taxed at child’s rate, and earnings in excess of $2,200 are taxed at trust tax rate schedule. Investment losses could affect the relative tax-deferred investing advantage. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses. Such costs would lower investment returns.
Improve your eligibility for financial aid

A maximum of 5.64% of assets in a parent-owned 529 plan is included in the federal financial aid formula, compared to 20% of an UGMA/UTMA account.

**EXAMPLE: FEDERAL FINANCIAL AID, UTMA VS. 529 PLAN**

Two families have the same college savings, earn the same income and send a child to the same university costing $40,000 per year. The only difference: One family uses an UTMA, the other owns a 529 plan.

<table>
<thead>
<tr>
<th>Expected Family Contribution (EFC)</th>
<th>Potential financial aid eligibility*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family with UTMA</td>
<td>$5,587</td>
</tr>
<tr>
<td></td>
<td>$34,413</td>
</tr>
<tr>
<td>Family with 529 plan</td>
<td>$20,635</td>
</tr>
<tr>
<td></td>
<td>$19,365</td>
</tr>
</tbody>
</table>

$15,000 more potential financial aid eligibility with a 529 plan

Transferring an existing UGMA/UTMA to a 529 plan

- A 529 account can be funded with cash only. Any UGMA/UTMA assets not held in cash must first be sold before being transferred, possibly resulting in taxes and transaction fees.
- The 529 account is still registered as an UGMA/UTMA after the transfer, meaning beneficiaries cannot be changed. Assets remain the original beneficiary’s property and must be used for his or her benefit.
- Transferring an UGMA/UTMA to a 529 plan can improve federal financial aid eligibility by changing the account from a student’s asset to a parent’s.
- Contributions made after the transfer can be invested in a separate, non-custodial 529 account offering greater flexibility in changing beneficiaries and controlling withdrawals.

Source: J.P. Morgan Asset Management and fafsa.gov. Based on two-parent household with one child attending college, one child living at home, all are residents of New York. Assumes annual household income of $100,000 for both families and $100,000 in 529 plan/UTMA assets. Also assumes the eldest parent is age 49, and the 529 plan is owned by a parent. Does not include non-federal financial aid opportunities, such as scholarships. These are estimates provided for illustrative purposes only, and they may not be representative of your personal situation and circumstances.

* Potential financial aid eligibility includes the amount expected in the form of federal aid, including grants and loans.
Additional 529 plan benefits not available in UGMAs/UTMAs

- Tax-deductible contributions in some states
- Flexibility to change beneficiaries
- Adult control regardless of child’s age
- Account earmarked specifically for college
- Assets removed from taxable estate
- Option to make five years of tax-free gifts in one year

1 Up to $10,000 is deductible from New York State taxable income for married couples filing jointly; single residents can deduct up to $5,000 annually. May be subject to recapture in certain circumstances — including rollovers to another state’s plan or New York non-qualified withdrawals.

2 No additional gifts can be made to the same beneficiary over a five-year period. If the donor does not survive the five years, a prorated portion of the gift is returned to the taxable estate.

LEARN MORE ABOUT COLLEGE SAVINGS AND 529 PLANS

Pursue your college savings goals with the Advisor-Guided Plan, the only 529 plan offering full access to J.P. Morgan’s insights and investments. For more information:

- Consult your financial advisor
- Visit www.ny529advisor.com
- Call 1-800-774-2108

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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. JPMorgan Distribution Services, Inc. markets and distributes the Advisor-Guided Plan. JPMorgan Distribution Services, Inc. is a member of FINRA.

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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.

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New York’s 529
Advisor Guided
College Savings Program

J.P. Morgan
Asset Management