2026 Edition

GUIDING FAMILIES SINCE 2013

College Planning Essentials

A comprehensive guide to saving and investing

Gramercy Institute, Financial Content Marketing, Business-to-Multi-Target Single-Country Award, Asset Management Marketing, Focus Award Single-Country Collateral, Fall 2025.

Investments Are Not FDIC Insured | No Bank Guarantee | May Lose Value

J.P.Morgan
ASSET MANAGEMENT

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5.5% Average annual tuition inflation since 1983[2]

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1. U.S. Census Bureau, Current Population Survey. Data for 2024 based on mean earnings for workers aged 18 and older.
2. BLS, Consumer Price Index, J.P. Morgan Asset Management. Data from 12/31/82 to 12/31/25.
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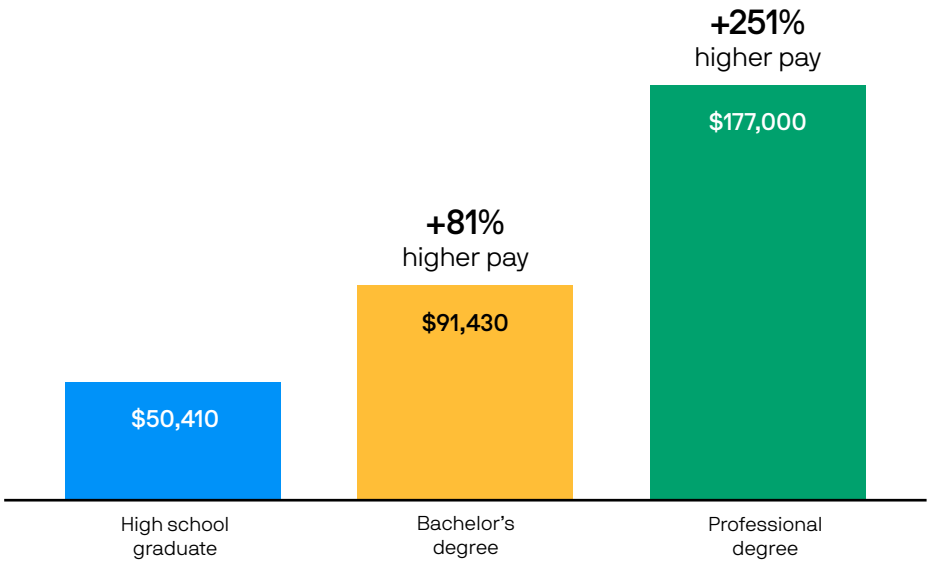
Higher education pays

A college diploma opens the door to a lifetime of higher earnings.

Average annual earnings
by highest educational degree[1]



College pays for itself

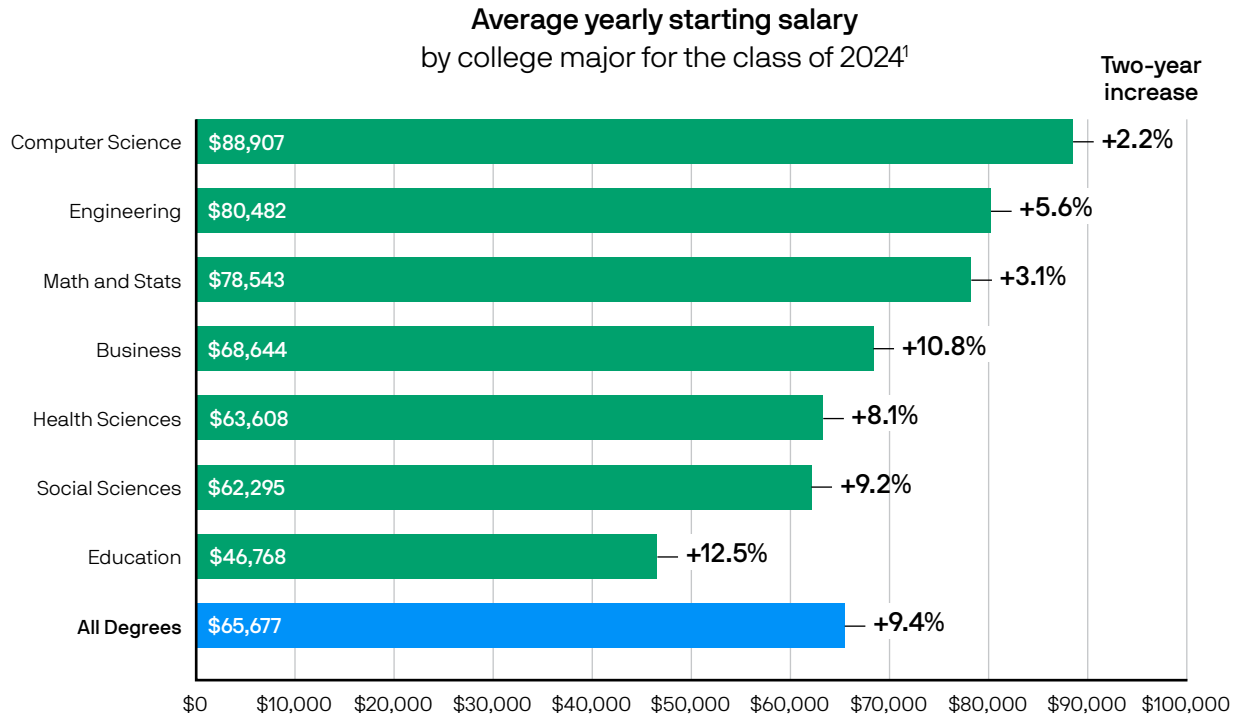
$41,020

Extra income for an average bachelor's degree holder in just one year, enough to **pay for three semesters** of current in-state public college costs[2]

1. U.S. Census Bureau, Current Population Survey. Data for 2024 based on mean earnings for workers aged 18 and older.
2. College Board, *Trends in College Pricing and Student Aid 2025*. Based on average tuition, fees, and room and board at an in-state, four-year public university.

“Major” differences in salaries

Choice of college major has a significant impact on a graduate’s starting salary.



A key consideration

Weigh future job earnings against college costs when deciding which school to attend and how much to borrow.

62%

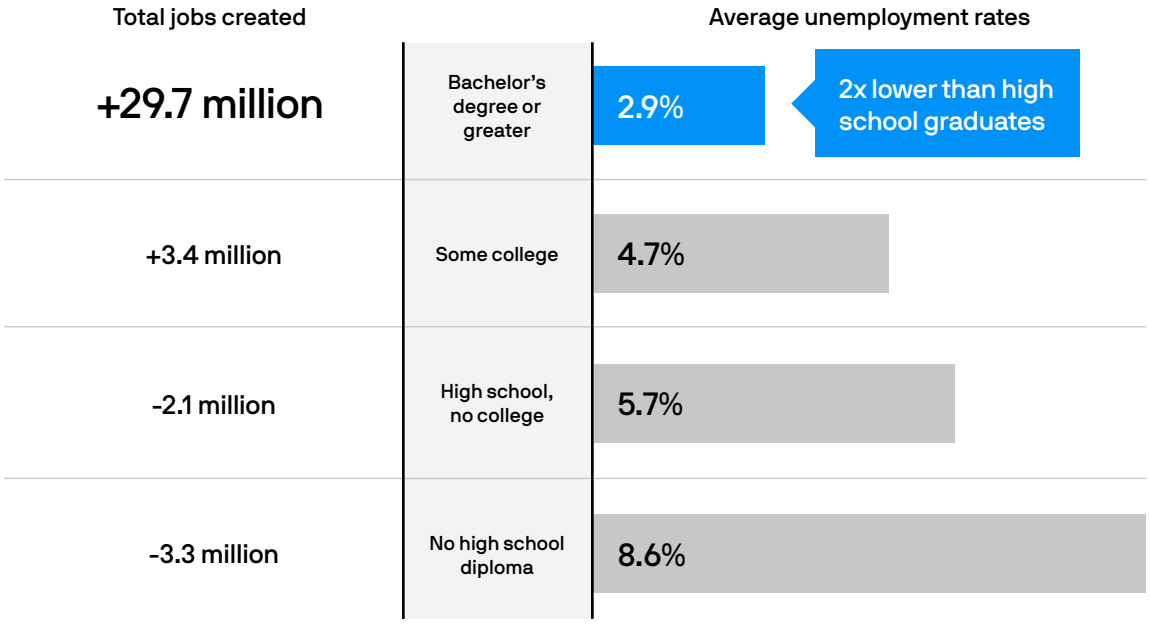
of families **don’t discuss starting salaries.**[2]

1. National Association of Colleges and Employers (NACE), *Salary Survey*, Summer 2025 and 2023. For bachelor’s degree recipients.
2. Sallie Mae, *How America Pays for College*, 2025.

More education, more job opportunities

College graduates are more likely to find — and keep — good jobs.

Employment landscape by education level since 2000



College is a must

70%

of all jobs now held by workers who attended college

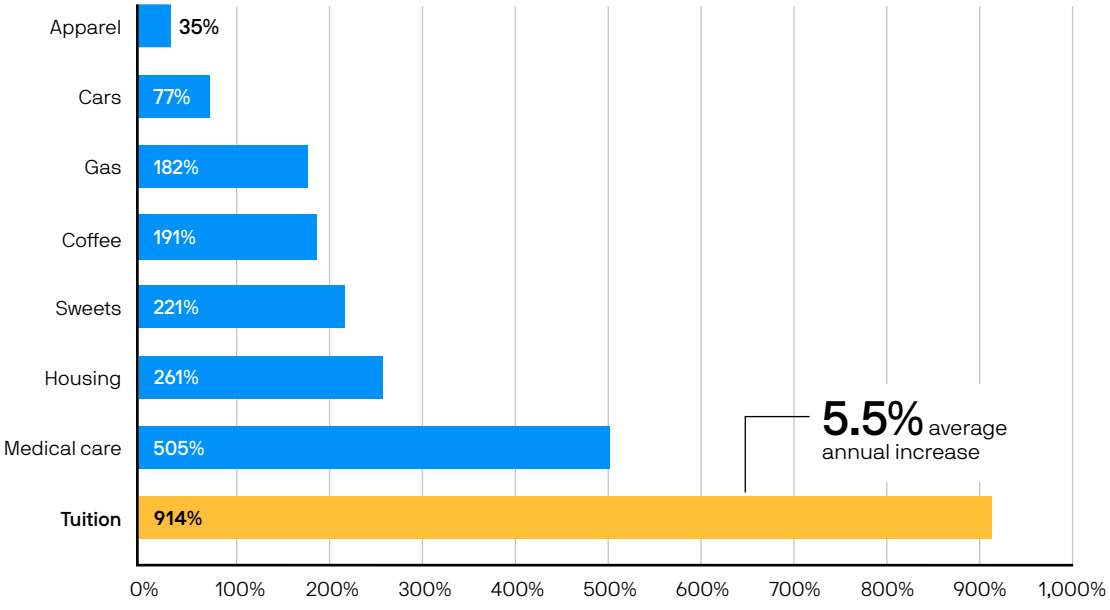
Source: U.S. Bureau of Labor Statistics. Data shown are for civilians aged 25 and older, from 1/1/2000 to 9/30/2025.

Tuition inflation

College tuition costs have increased much faster than any other household expense in recent decades.

College tuition vs. other expenses

Cumulative percentage price change since 1983



Why costs typically rise

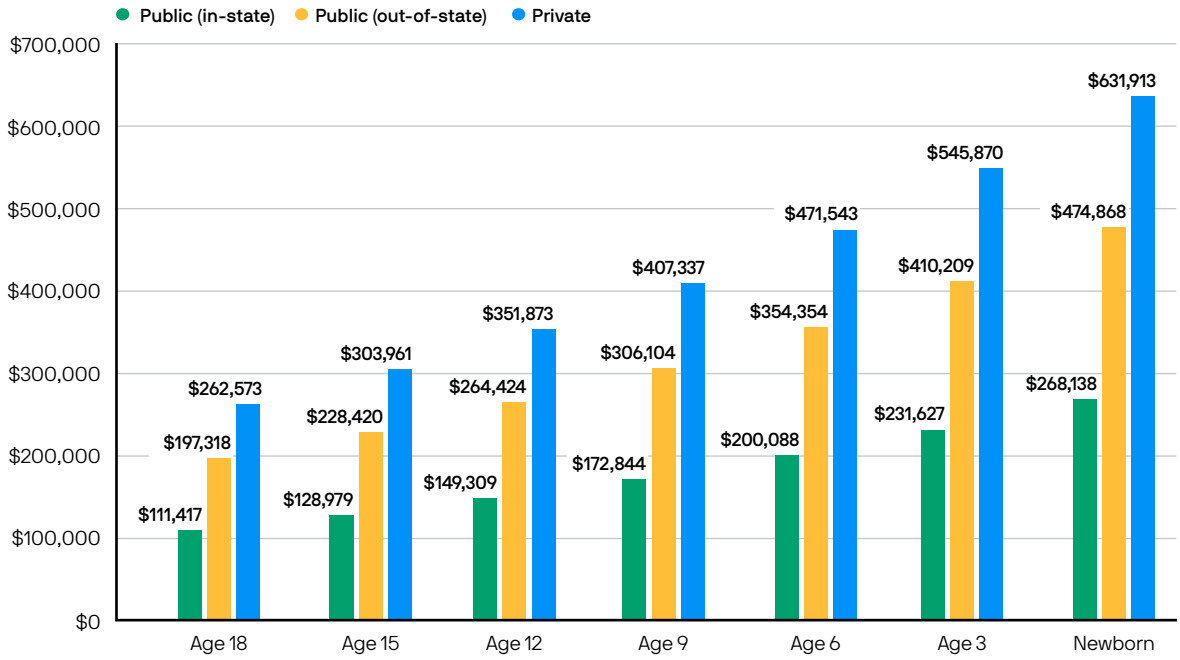
- Colleges **spend more** to attract the best students.
- Colleges **hire more** faculty and administrative staff.
- Colleges **receive less financial support** from states.

Source: BLS, Consumer Price Index, J.P. Morgan Asset Management. Data represent cumulative percentage price change from 12/31/82 to 12/31/25.

Future four-year college costs

The younger the child, the more college is likely to cost. Add up four years per child and it equals one of a family's largest expenses.

Projected cost of a four-year college education
based on child's current age



One-year costs for 2025-26

$25,850
Public (in-state)

$45,780
Public (out-of-state)

$60,920
Private

Calculate costs for your child

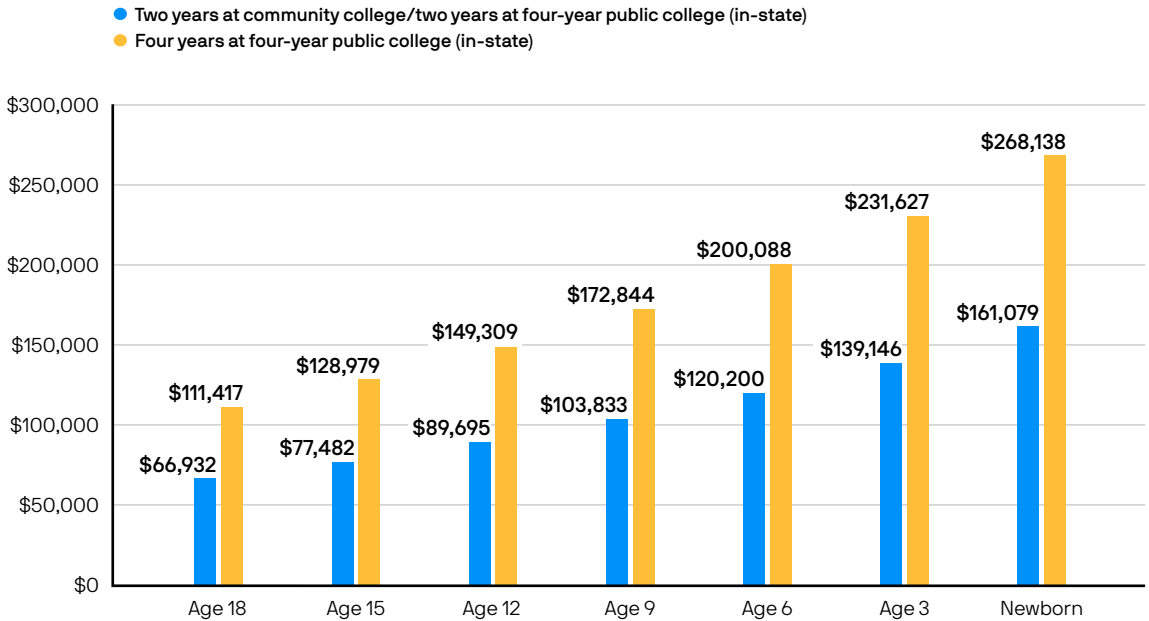
Click here to estimate costs and monthly investments, or visit a college's online **Net Price Calculator.**

Source: J.P. Morgan Asset Management, using College Board's *Trends in College Pricing and Student Aid 2025*. Future college costs estimated to inflate 5% per year, based on average tuition, fees, and room and board for 2025-26.

The community college option

Some students choose to attend two years of community college before transferring to four-year universities.

Projected four-year costs with and without community college
based on child's current age



Save 40%
by attending two years of community college.

$4,150
Average annual tuition and fees at community college

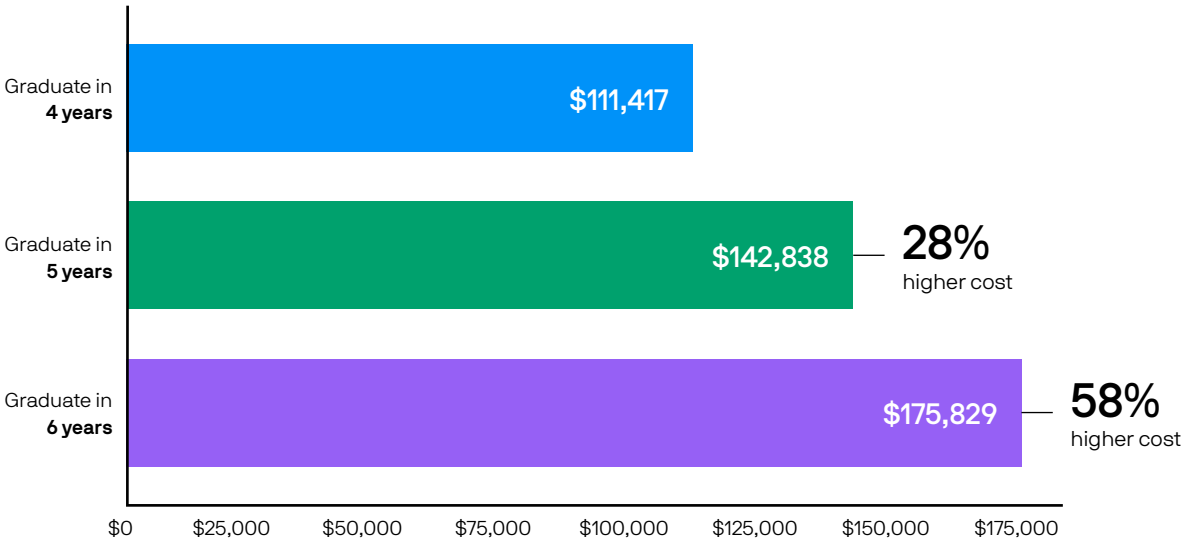
Source: J.P. Morgan Asset Management, using College Board's *Trends in College Pricing and Student Aid 2025*. Future college costs estimated to inflate 5% per year. Average tuition, fees, and room and board for public college reflect four-year, in-state charges. Community college costs are based on average tuition and fees for an in-district student.

Preparing for more than four years

Most students take more than four years to earn degrees, which increases total college costs.

The high price of not graduating on time

Total projected in-state public college costs for first-year student[1]



49%
graduate within 4 years.[2]

How to graduate faster

32%
high schoolers take AP exams to earn college credits.[3]

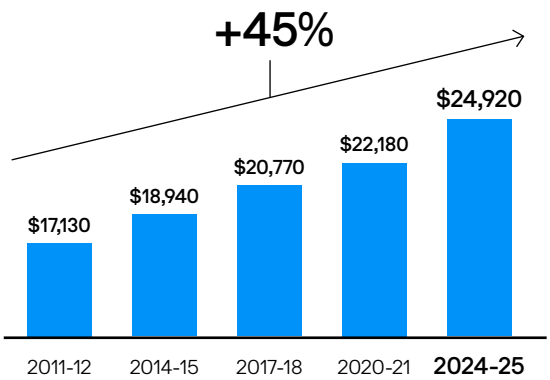
29%
take college courses while still in high school.[3]

1. J.P. Morgan Asset Management, using College Board's *Trends in College Pricing and Student Aid 2025*. Future college costs estimated to inflate 5% per year. Average tuition, fees, and room and board for public college reflect four-year, in-state charges.
2. U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), as of December 2024. Data reflect graduation rates from first institution attended for first-time, full-time bachelor's degree-seeking students at four-year colleges.
3. AP tests – College Board, for high school class of 2024. Dual enrollment – National Student Clearinghouse Research Center, as measured by enrolled college students under age 18 for Spring 2024. Percentage of high school seniors based on estimates from National Center for Education Statistics.

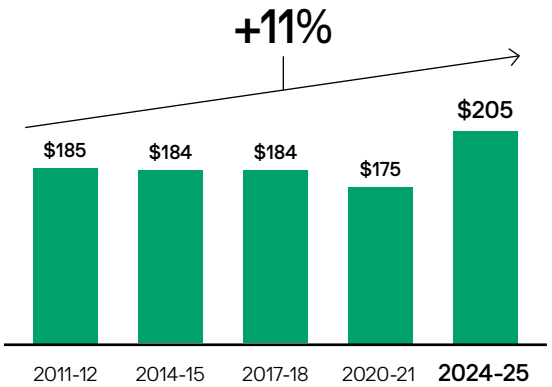
Financial aid overview

College costs are rising much faster than financial aid — leaving families to pay more of the expenses.

College costs[1]
(four-year in-state public university)



Total financial aid[2]
(in billions, for undergraduate students)



Result: Families are paying more.
Families now **pay 48% of college costs from their income and investments**, up from 38% 12 years ago.[3]

1. College Board, *Trends in College Pricing*, 2011, 2014, 2017, 2020 and 2024. Based on average tuition, fees, and room and board at an in-state, four-year university.
2. College Board, *Trends in Student Aid*, 2012, 2015, 2018, 2021 and 2025. Includes federal, state, institutional and private grants as well as federal work-study, tax benefits, veterans' benefits and loans.
3. Sallie Mae, *How America Pays for College*, 2014 and 2025. Remaining college costs paid with loans, grants, scholarships and family gifts.

Financial aid reality check

Free grants and scholarships normally pay only a small portion of college costs, and many families don't qualify.

Grant reality 2024-25 (need-based)[1]

57% Percentage of families receiving grants

Average amount: $6,180

Percentage of total costs paid by grants

Private college	11%
Public college	11%
Community college	16%

Scholarship reality 2024-25 (merit-based)[1]

60% Percentage of families receiving scholarships

Average amount: $8,004

Percentage of total costs paid by scholarships

Private college	21%
Public college	13%
Community college	10%

Will we get a Federal Pell Grant?

It depends on your income, marital status and family size. Example: Two-parent households with two kids qualify for a full Pell Grant only if their **income is $54,600 or lower.**[2]

Sports scholarships are rare

Only about **2%**

of high school athletes receive scholarships to play college sports.[3]

1. Sallie Mae, *How America Pays for College*, 2025.
2. U.S. Department of Education, *2026-27 Student Aid Index (SAI) and Pell Grant Eligibility Guide*. For dependent, full-time students, based on 2024 federal poverty guidelines for the 48 contiguous states. Families may also qualify for maximum Federal Pell Grants based on other criteria.
3. National Collegiate Athletic Association, *Guide for the College-Bound Student-Athlete 2025-26.*

Important rules to know about federal financial aid

Key rules in effect for the 2026-27 school year and beyond

Rules that could INCREASE AID

- ⊕ **NEW: Don't report net worth** of family-owned small businesses, farms and commercial fisheries
- ⊕ **Report ONLY 529 plan assets for aid applicants**, not their siblings
- ⊕ **Don't report 529 plan assets** owned by grandparents, aunts, uncles and other non-parents
- ⊕ **Treat child support received more favorably** as an asset instead of income
- ⊕ **Don't report certain income sources**, including worker's compensation benefits and pre-tax contributions to employer retirement plans

Rules that could DECREASE AID

- ⊖ **NEW: Reduced annual and lifetime borrowing limits** on some federal student and parent loans (see page 37 for annual limits)
- ⊖ **NEW: Reduced Federal Pell Grant eligibility** for families with foreign income, full scholarships or Student Aid Index above $14,790[1]
- ⊖ **No favorable treatment** for families with multiple children enrolled in college at the same time
- ⊖ **Divorced or separated parents providing the most financial support** to students must apply, using their income and investments; no income reduction for child support paid
- ⊖ **No income reduction** for state taxes paid

New federal financial aid rules originally took effect with the 2024-25 school year and are subject to change. Please consult your financial professional for more information.

1. The $14,790 limit does not apply to students who qualify for a Pell Grant as dependents of certain military service members and public safety officers who died in the line of duty.

Federal financial aid eligibility

The Department of Education calculates the Student Aid Index (SAI) used to determine your financial aid eligibility.

Total college costs each year − **Student Aid Index (SAI)** = **Financial aid eligibility**

When to apply
Apply as early as **October 1** of the year before college; **must apply each year in college.**

How SAI is calculated[1]

A family's **annual income**, including the student's, **counts far more in the formula than savings and investments.**

For each school year you apply, SAI is based on **income from two years earlier.**

Parents

Income		Assets
22%–47% of adjusted available income above protected amount[2]	+	up to 5.64% of non-retirement assets above protected amount, including **529 plans, investments and savings**[2]

Students

Income		Assets
50% of income above protected amount of $11,770	+	20% of all assets in bank accounts, CDs, UGMAs/ UTMAs and any other savings

Total SAI

SAI is not the amount your family will pay for college or get in federal aid. **It's a number used to calculate how much aid a student is eligible to receive.**

Families may pay more than their SAI.

Grandparents/Others

0%

of income and assets considered in federal financial aid formula, including **529 plan account balances and withdrawals**

1. Based on federal methodology for 2026-27 school year. Federal financial aid rules are subject to change. Please consult your financial professional for more information. To learn more about how SAI is calculated, click here.
2. Protected amount for parental income is based on household size. Protected amount for parental assets is based on age and marital status and excludes primary residence and retirement accounts.

Estimating your Student Aid Index

Use this chart to estimate your Student Aid Index, the number used to determine federal financial aid eligibility.

Annual Student Aid Index (SAI)

Examples based on income and assets[1]

Income has a much bigger impact than assets.

Assets (excluding primary residence and retirement accounts)

Combined income	$0	$25,000	$50,000	$100,000	$150,000	$200,000	$250,000	$300,000
$50,000	-$1,273	-$613	$0	$0	$0	$0	$0	$0
$75,000	$3,157	$3,817	$4,477	$5,934	$7,635	$9,653	$12,082	$14,902
$100,000	$8,323	$9,343	$10,485	$13,063	$15,883	$18,703	$21,523	$24,343
$125,000	$16,793	$18,203	$19,613	$22,433	$25,253	$28,073	$30,893	$33,713
$150,000	**$25,060**	$26,470	$27,880	$30,700	$33,520	$36,340	$39,160	$41,980
$175,000	$33,326	$34,736	$36,146	$38,966	$41,786	$44,606	$47,426	$50,246
$200,000	$41,592	$43,002	$44,412	$47,232	$50,052	$52,872	$55,692	$58,512
$225,000	$49,858	$51,268	$52,678	$55,498	$58,318	$61,138	$63,958	$66,778
$250,000	$57,938	$59,348	$60,758	$63,578	$66,398	$69,218	$72,038	$74,858

Example: If you earn $150,000 in income and have $0 in assets, your estimated SAI is **$25,060** — roughly one year of public college costs.[2]

Calculate your personal SAI

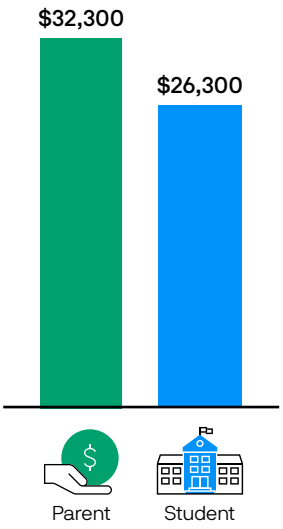
Explore the U.S. Department of Education's Federal Student Aid Estimator.

1. J.P. Morgan Asset Management and studentaid.gov, for the 2026-27 school year. Based on two-parent household with two children. Assumes no income or assets for each dependent. Protected amounts for parental assets vary based on age and marital status. These are estimates provided for illustrative purposes only, and they may not be representative of your personal situation and circumstances.
2. J.P. Morgan Asset Management, using College Board's *Trends in College Pricing and Student Aid 2025*. Average tuition, fees, and room and board for public college reflect four-year, in-state charges.

Rising college debt

Families that don't invest enough for college often have no other choice than to borrow.

Average outstanding college loan balances[1]



Debt balances, 2005 vs. 2025

by type of consumer loan, excluding mortgages[2]

	Student loan	Auto loan	Credit card	Home equity line of credit
2005	$370 billion	$770 billion	$720 billion	$530 billion
2025	$1.64 trillion	$1.66 trillion	$1.21 trillion	$411 billion
	+343%	+116%	+68%	−22%

More than 3x faster than college costs[3]

A heavy burden

97%

of recent graduates with college debt have **delayed or abandoned life milestones** like buying homes or having children.[4]

1. U.S. Department of Education, National Student Loan Data System. Data as of Q3 2025 for federal Stafford and parent PLUS loans.
2. Federal Reserve Bank of New York, *Household Debt and Credit Report*, Q2 2025.
3. College Board, *Trends in College Pricing*, 2005 and 2025. Based on average tuition, fees, and room and board at an in-state, four-year public university.
4. MarketWatch Guides, May 2024 survey of Americans who graduated college between 2015 and 2024.

The 529 plan advantage

Tax-advantaged investing

- **Tax-deferred compounding** of contributions and earnings
- **Tax-free withdrawals** for qualified education expenses[1]
- **Tax-deductible contributions** in some states

Estate planning benefits

- Contributions and investment gains **removed from taxable estate**
- Option to make **five years of tax-free gifts in a single year —** up to $190,000 per beneficiary from married couples filing jointly and $95,000 from individuals[2]
- **Only completed gift that can be revoked** under current laws

Control and flexibility

- Account owner retains **full control over assets**
- **Can change beneficiaries** to other eligible family members
- Covers **any qualified expense** at accredited U.S. and foreign colleges, trade schools, and apprenticeship/credential programs[3]
- Option to make **tax-free rollovers to Roth IRAs**[4]
- **Little or no impact on financial aid eligibility**

Accessible and affordable

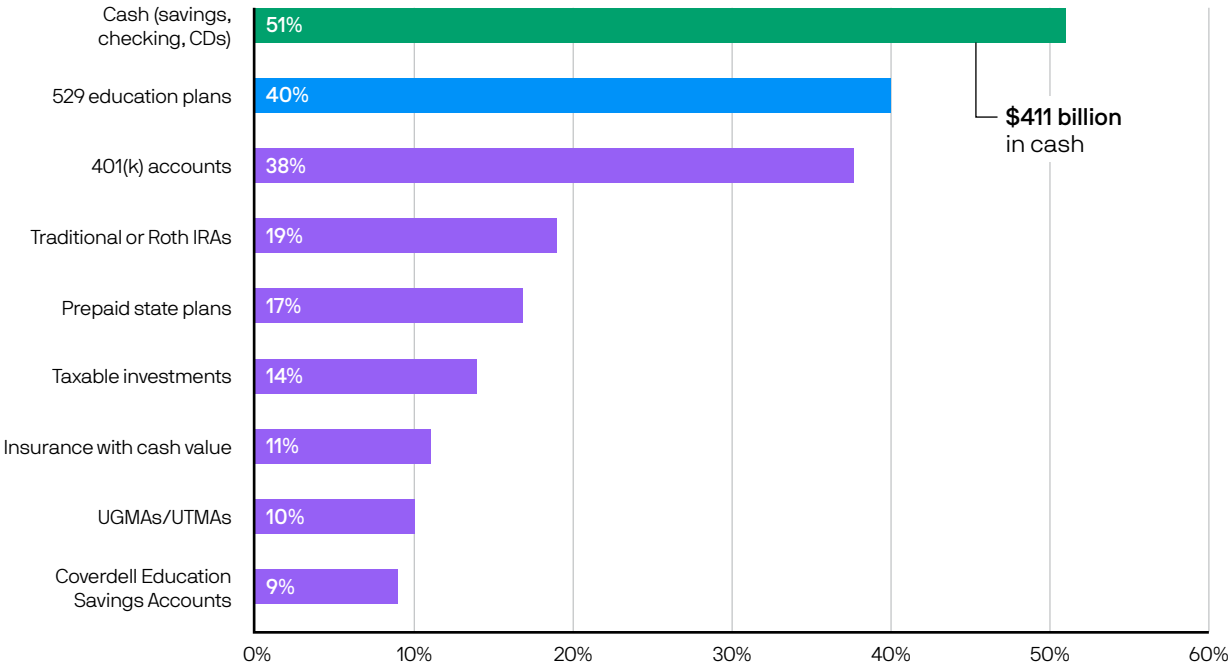
- **No income limits** on contributors
- **No age limits** on beneficiaries or contributors
- **No mandatory withdrawals** at any age
- **Very low investment minimums** make it easy to get started
- **High contribution limits,** often $400,000 or more per beneficiary

1. Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as any applicable state and local income taxes. Please consult your tax professional about your particular situation.
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 portion of the gift is returned to the taxable estate.
3. To search for accredited schools, visit https://studentaid.gov/fafsa-apply/colleges.
4. Tax- and penalty-free rollovers are subject to certain requirements and limitations. See page 24 for details. State tax treatment of Roth IRA rollovers may vary by 529 plan. Please consult your financial or tax professional for more information.

Choose the right investing vehicle for higher education

Many families use cash, retirement and taxable accounts instead of tax-advantaged 529 plans designed especially for education.

Percentage of families using each vehicle[1]



Missed opportunities

$1.7 trillion

Education savings held outside tax-advantaged 529 plans[1]

28%

Families not saving for college[1]

41%

Families have used retirement funds to pay for college[2]

1. ISS Market Intelligence, *529 Industry Analysis 2025*.
2. Society of Actuaries, June 2023. Based on survey respondents saving for both retirement and college.

Using 529 plans

A flexible 529 plan can be used to pay for a wide range of education expenses — and beyond.

Pay for post-secondary education[1]

- **Tuition and fees**
- **Job training, credentials and continuing education**
- **Room and board**
- **Books and supplies**
- **Computers and related equipment**
- **Apprenticeship programs[2]**

Includes community colleges, four-year universities, graduate schools and vocational/trade schools

Pay for other education expenses[1]

- **Education loan payments**
  $10,000 lifetime maximum per beneficiary and siblings
- **Special needs services**
  Includes educational therapies and equipment/technology
- **K-12 expenses[2]**
  Up to $20,000 per beneficiary each year for tuition, books, supplies, tutoring, test fees and more

529 plan rules vary by state

Check with your plan to see if any uses are considered non-qualified for state tax purposes.

How to keep extra 529 funds in your family

- Change account beneficiary to another eligible family member
- Withdraw amounts equal to scholarships received[3]
- Make tax-free rollovers to Roth IRAs[2]

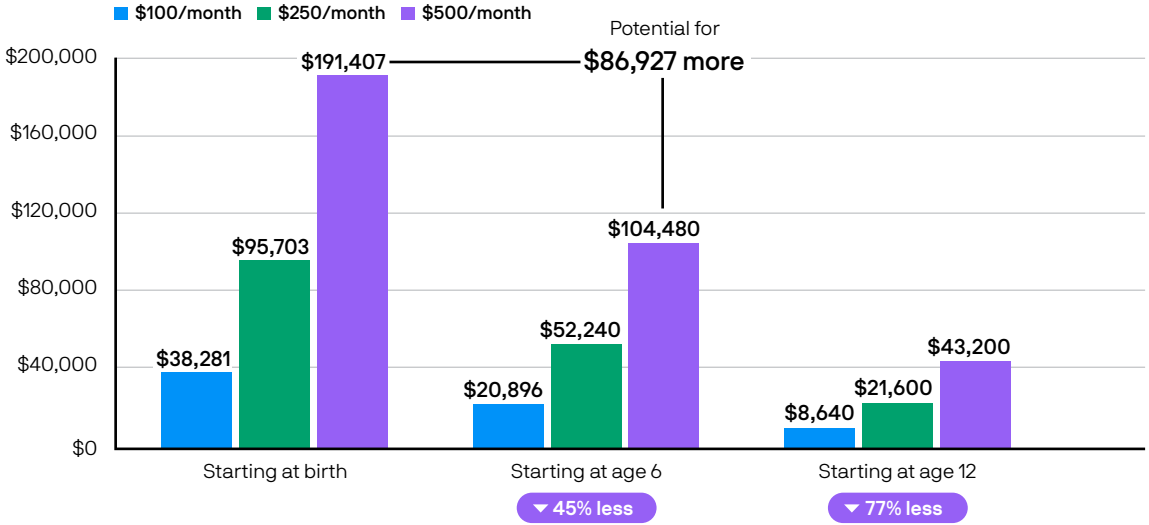
1. Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as any applicable state and local income taxes. Please consult your tax professional about your particular situation.
2. Tax- and penalty-free rollovers, K-12 expenses and Apprenticeship programs are subject to certain requirements and limitations and State tax treatment can vary by 529 plan. See page 24 for additional details on Roth IRA rollovers. Please consult your financial or tax professional for more information.
3. The 10% federal penalty tax is waived, but investment earnings withdrawn are subject to federal income tax as well as any applicable state and local income taxes.

Start early, save more

The sooner you start investing, the more time you have to grow your college fund through the power of long-term compounding.

Small monthly contributions add up over time

Total amounts accumulated at different starting ages[1]



Put college investing on autopilot

83%

of 529 plan users make automatic contributions from bank accounts or paychecks.[2]

1. J.P. Morgan Asset Management. This hypothetical example illustrates the future values at age 18 of different regular monthly investments for different time periods. Chart also assumes an annual investment return of 6%, compounded monthly. Actual rate-of-return is not guaranteed. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses, for example, Federal or State penalties for non-qualified expenses. Such costs would lower performance. 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. A plan of regular investment cannot ensure a profit or protect against a loss in a declining market. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.
2. ISS Market Intelligence, *529 Industry Analysis 2025*.

How much to invest

See how much you should be investing each month, based on a child's age and your college funding plans.

Monthly investment to pay your share of college costs

Child's age when investments start	Public college (in-state)				Private college			
	Total 4-year cost	Monthly investment to pay:			Total 4-year cost	Monthly investment to pay:		
		100%	75%	50%		100%	75%	50%
Newborn	$268,138	**$700**	**$525**	**$350**	$631,913	**$1,651**	**$1,238**	**$825**
Age 3	$231,627	**$803**	**$603**	**$402**	$545,870	**$1,893**	**$1,420**	**$947**
Age 6	$200,088	**$958**	**$718**	**$479**	$471,543	**$2,257**	**$1,692**	**$1,128**
Age 9	$172,844	**$1,214**	**$911**	**$607**	$407,337	**$2,862**	**$2,146**	**$1,431**
Age 12	$149,309	**$1,728**	**$1,296**	**$864**	$351,873	**$4,073**	**$3,054**	**$2,036**
Age 15	$128,979	**$3,271**	**$2,453**	**$1,635**	$303,961	**$7,708**	**$5,781**	**$3,854**

Set your investment goal

with our college planning calculator.

Never miss a monthly 529 contribution

Most plans allow you to set up automatic transfers from a bank account.

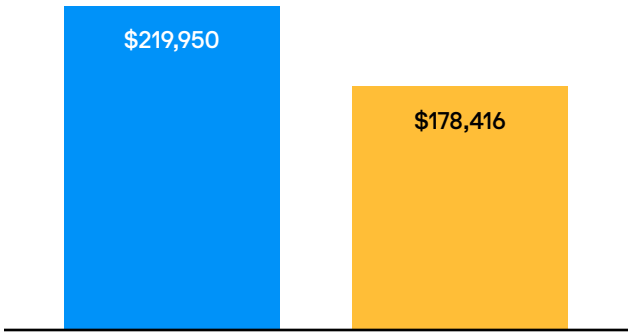
Source: J.P. Morgan Asset Management. Based on average tuition, fees, and room and board costs for 2025-26 school year, College Board's *Trends in College Pricing and Student Aid 2025*. Costs estimated to inflate 5% per year. This hypothetical example illustrates the future values of different regular monthly investments for different time periods, assuming an annual investment return of 6%, compounded monthly. Actual rate-of-return is not guaranteed. This hypothetical example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. These figures do not reflect the impact of fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. A plan of regular investment cannot ensure a profit or protect against a loss in a declining market.

Tax-efficient investing

Growth of $10,000 initial investment and $500 monthly contributions over 18 years

Tax-free account vs. taxable account[1]

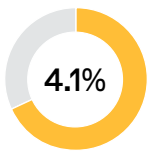
Potentially
$41,534 more
Three semesters of current in-state public college costs[2]



After-tax return on 6% investment gain[1]

Tax-free account

Taxable account



State tax benefits

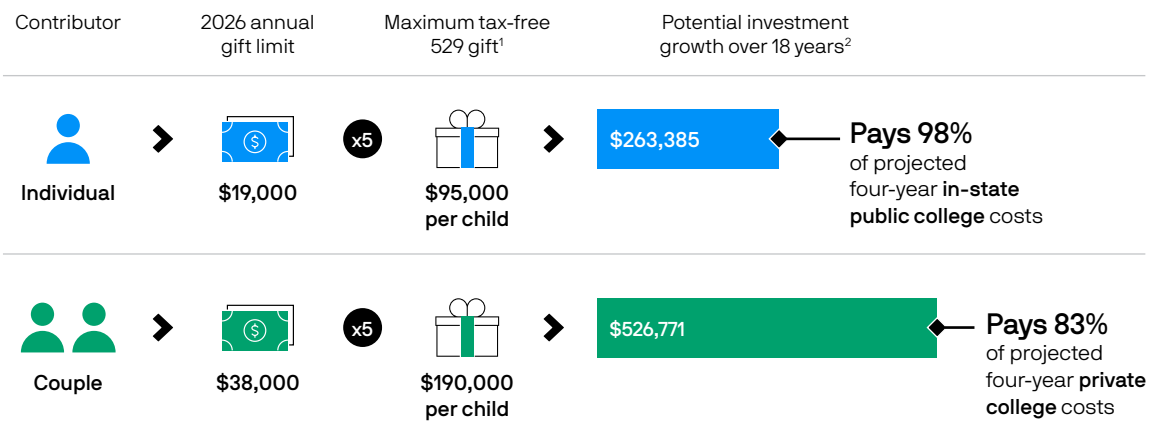
Many 529 plans offer state tax benefits in addition to federal tax-free investing.[3] See page 42 for more information.

1. J.P. Morgan Asset Management. Illustration assumes an initial $10,000 investment and monthly investments of $500 for 18 years. Chart also assumes an annual investment return of 6%, compounded monthly, and a federal tax rate of 32%. Actual rate-of-return is not guaranteed. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses, for example, Federal or State penalties for non-qualified expenses. Tax rates on capital gains and dividends can affect the Taxable account's return. 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. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.
2. College Board, *Trends in College Pricing and Student Aid 2025*. Based on average tuition, fees, and room and board at an in-state, four-year public university.
3. 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.

Making the most of 529 plan gifts

Only 529 plans allow five years of tax-free gifts in one year to help families meet college costs and manage estate taxes.

One gift at birth may pay all or most four-year college costs



All 529 plan gifts and investment gains are **removed from the contributor's taxable estate** — without losing control.

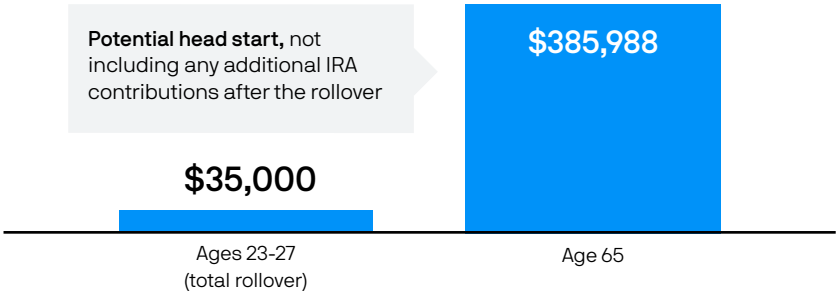
1. No additional gifts can be made to the same beneficiary over a five-year period. If the donor does not survive the five years, a portion of the gift is returned to the taxable estate.
2. J.P. Morgan Asset Management. Illustration assumes an annual investment return of 6%, compounded monthly. Actual rate-of-return is not guaranteed. It also assumes the gift was made January 1 of the year of birth and college starts at age 18. This example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. 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. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. Average projected four-year college costs are based on College Board's *Trends in College Pricing and Student Aid 2025*, assuming 5% annual inflation. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.

Making rollovers from 529 plans to Roth IRAs

Moving extra money to Roth IRAs extends tax benefits beyond college while easing concerns about overfunding 529 accounts.

Giving college graduates a head start on retirement savings

Growth of $35,000 rollover from 529 plan to Roth IRA



Consult your financial or tax professional

Qualified rollovers are free from federal taxes and penalties, but each state sets its own 529 plan rules.

Questions about 529-to-Roth rollovers

Who is eligible?

- No income limits
- Roth IRA must be in same name as 529 beneficiary
- Beneficiary's annual job earnings must equal or exceed rollover amount

How much can be rolled over?

- $7,500 annual maximum per beneficiary ($8,600 if age 50 or older)
- $35,000 lifetime maximum per beneficiary

When can rollovers occur?

- 15+ years after 529 account opened
- Can't include 529 contributions or investment earnings within five years of rollover

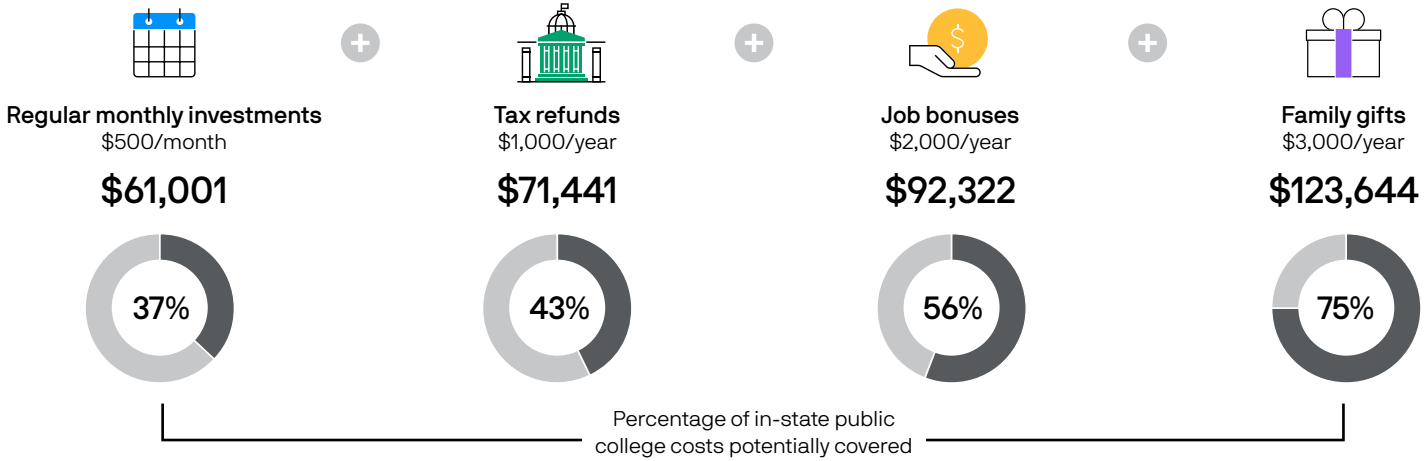
Source: J.P. Morgan Asset Management. Chart assumes $7,500 rollovers at ages 23-26 and $5,000 at age 27, with 6% annual returns, compounded monthly, which grow to $42,165 after five years. For illustrative purposes only. Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as any applicable state and local income taxes. Please consult your tax professional about your particular situation.

Catching up on college investing

By funding 529 plans with manageable amounts from multiple sources, late starters may still have time to achieve their goals.

Combining monthly investments with other sources of college savings

Example: Getting started for a 10-year-old



Source: J.P. Morgan Asset Management. This hypothetical illustration assumes an annual investment return of 6%, compounded monthly. Actual rate-of-return is not guaranteed. 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. All savings sources combined reflect $500 monthly investments, plus $6,000 in combined annual tax refunds, bonuses and family gifts. Projected four-year college costs are based on College Board's *Trends in College Pricing and Student Aid 2025,* assuming 5% annual inflation. Projected college costs for this example are $164,613, which includes average tuition, fees, and room and board at an in-state public college. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. This example does not represent the performance of any specific investment and does not reflect any management fees or expenses that would be paid by a 529 plan participant. These costs would lower performance. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.

Keep college and retirement funds separate

Every dollar used for college can mean several less for retirement, due to years of lost investment earnings and compounding.

How college withdrawals can jeopardize retirement security[1]

	$10,000	$25,000	$50,000
Amount withdrawn for college:	$10,000	$25,000	$50,000
How much less for retirement after 20 years:	−$32,071	−$80,178	−$160,357
Monthly investment to recoup in 5 years:	$192	$479	$958

Retirement accounts may also be reduced by:

- **Potential taxes** due on amount withdrawn[2]
- **Potential 10% penalty** if under age 59½[2]

Why 529 plans make more sense

- Special tax benefits not available in retirement accounts
- Greater flexibility in paying education costs
- Higher contribution limits
- Unique gift giving and estate planning opportunities

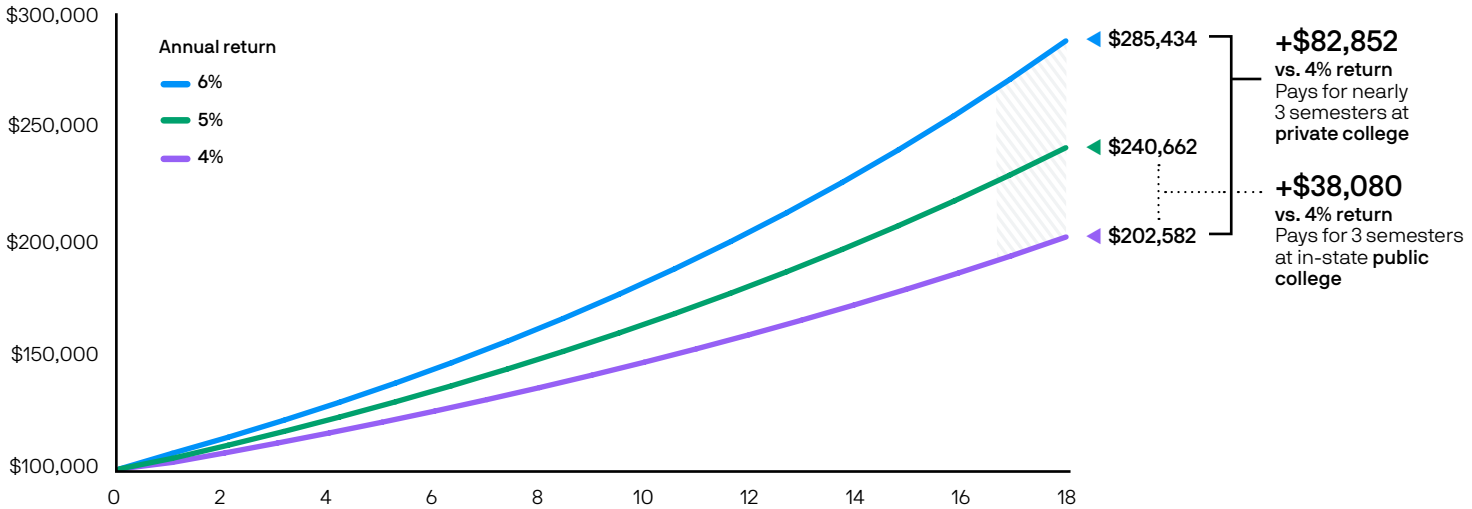
1. J.P. Morgan Asset Management. This illustration assumes that assets would have remained in a tax-advantaged retirement account instead of being withdrawn for college, earning 6% annual investment returns for 20 years, compounded monthly. Actual rate-of-return is not guaranteed. This example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. 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. These figures do not reflect any management fees or expenses. Such costs would lower performance. Monthly investment to recoup reflects amount needed to equal college withdrawal and lost investment earnings over five years, assuming 6% annual investment returns, compounded monthly. Shown for illustrative purposes only. Past performance is no guarantee of future results.
2. Distributions from certain retirement accounts, including IRAs, may not be subject to the 10% penalty tax if used for qualified higher education expenses. Income taxes may be due on withdrawals if certain requirements are not met. Refer to IRS Publication 970 or consult your tax professional regarding your personal circumstances.

Performance pays

Even small increases in investment returns can make a big difference when it comes time to pay for college.

Small increases in returns, big impact on college funds

Potential growth of $100,000 investment over 18 years



Source: J.P. Morgan Asset Management, using College Board's *Trends in College Pricing and Student Aid 2025*. This hypothetical illustration assumes an investment of $100,000 over an 18-year period, with returns compounded monthly. Actual rate-of-return is not guaranteed. Different assumptions will result in outcomes different from this example. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses, for example, Federal or State penalties for non-qualified expenses. Such costs would lower performance. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision.

Staying diversified over 18 years

Compare the best, worst and average returns for different investments over rolling 18-year periods.

Best, worst and average rolling 18-year periods, 1983-2025

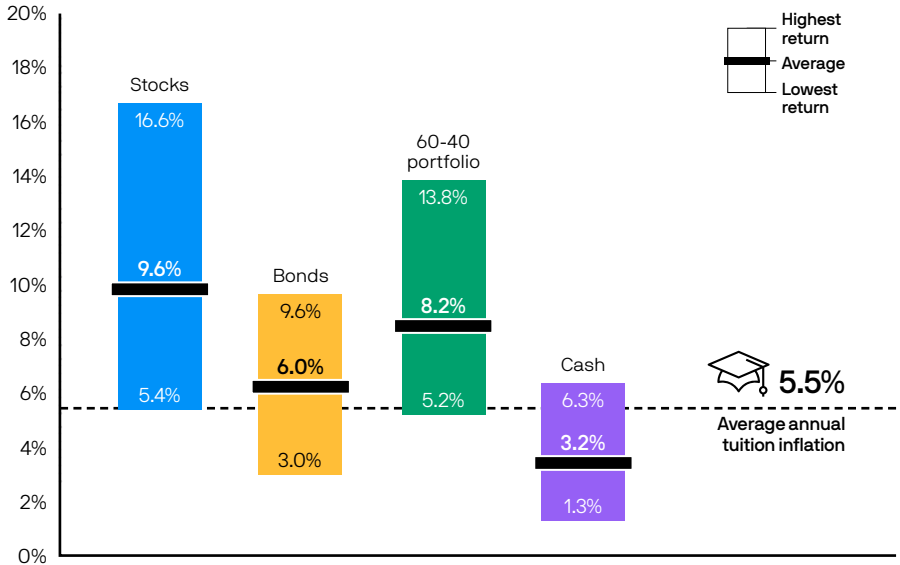


Chart highlights

- Average returns for both stocks and bonds **outpaced tuition inflation**.
- The diversified portfolio delivered **higher returns** than bonds, with **lower volatility** than stocks.
- Average returns for short-term **cash did not keep pace** with tuition inflation.

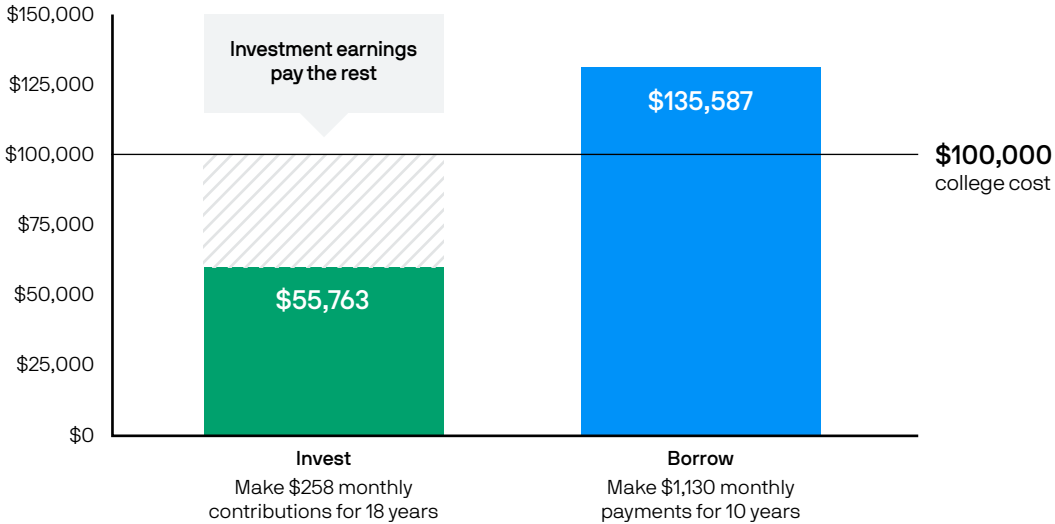
Source: Barclays Capital, FactSet, Robert Shiller, Strategas/Ibbotson, Federal Reserve, BLS, J.P. Morgan Asset Management. Rolling returns shown are based on calendar-year returns from 1983 through 2025. Stocks are represented by S&P 500 Index, bonds by Bloomberg U.S. Aggregate Index and cash by Bloomberg US Treasury Bellwether 3 Month Total Return Index (unhedged USD). Data are as of 12/31/25. Past performance is not indicative of future results. Diversification does not guarantee investment returns and does not eliminate the risk of loss.

Invest more, borrow less

College costs less when you earn interest and other investment returns instead of paying interest on loans.

Cost of investing vs. cost of borrowing

Example: Paying $100,000 for college



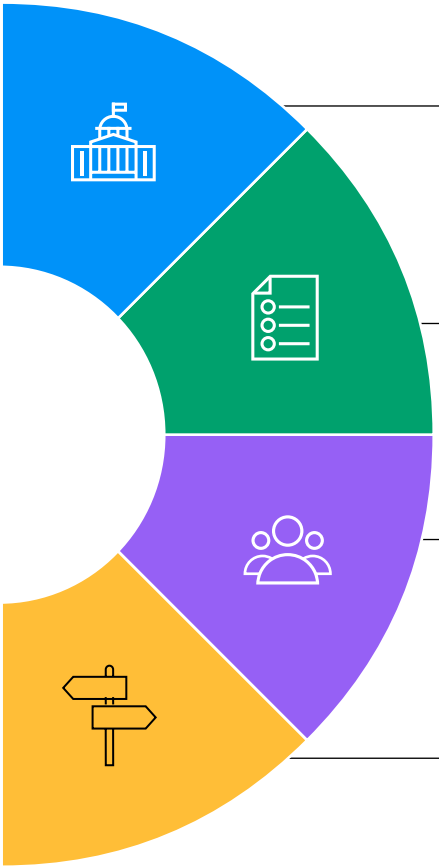
Result

$79,824

Potential savings by investing now vs. borrowing later

Source: J.P. Morgan Asset Management. Illustration assumes a college cost of $100,000. In one scenario, $258 monthly investments are made over an 18-year period. In the other, the entire $100,000 is borrowed. Investing illustration assumes an annual investment return of 6%, compounded monthly. Actual rate-of-return is not guaranteed. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses, for example, Federal or State penalties for non-qualified expenses. 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. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. Borrowing illustration assumes an interest rate of 6.39% and a repayment period of 10 years. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.

What to consider when choosing a 529 plan



☑ State benefits

Start by comparing your home state's plan vs. out-of-state plans:

- Tax deductions/credits, matching funds, scholarships
- Tax treatment of withdrawals
- Minimum/maximum contributions

☑ Investment choices

Ensure plan investments meet your unique needs and preferences:

- Variety of investment options, level of diversification
- Individual portfolio holdings – ETFs vs. mutual funds, active vs. passive
- Investment performance history, fees and sales charges

☑ Investment managers

Choose a plan you can trust with your education savings:

- Manager experience, reputation, capabilities and investment philosophy
- Universe of potential investments and screening/selection process
- Ongoing portfolio oversight and adjustments

☑ Investor resources

Look for plan resources that help you build accounts and achieve goals:

- Cash-back rewards and e-gifting programs
- Plan website, phone support, college planning insights, investor education
- Access to a financial planning professional for guidance and assistance

College preparation timeline

Planning in advance and filing early for financial aid may help students get into their preferred colleges.

	September–November	December–February	March–May	June–August
High school junior	• Begin researching colleges • Take PSAT/SAT/ACT	• Begin to formulate college list • Retake SAT/ACT or continue test preparation • Schedule college visits	• Retake SAT/ACT (if needed) • Take AP exams • Write college essay • Get recommendations from guidance counselor, teachers and others	• Finalize college list • Visit colleges **Aug. 1: Common App released online** • Begin applying for scholarships
High school senior	**Oct. 1: File FAFSA** • Register for CSS Profile (if required) **Nov. 1: Apply early decision (binding)/early action (non-binding)**[1] • Retake SAT/ACT (if needed)	• Consider early action acceptances • Submit regular decision applications	• Consider regular decision acceptances **May 1: Make final decision/pay deposit** • Take AP exams • Finalize loan applications (if needed)	• Pay for Fall semester **College begins**

Key dates

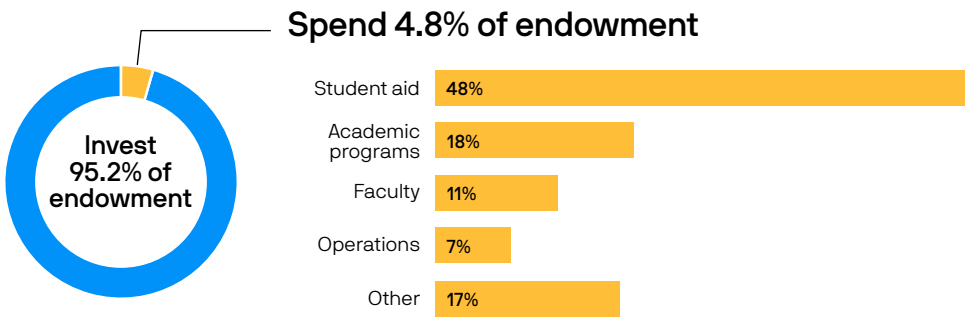
Source: J.P. Morgan Asset Management. For informational purposes only. Check with individual colleges regarding their application deadlines and policies. See page 33 for additional resources.

1. Early decision is typically non-binding if financial aid needs are not met.

College endowments and financial aid

Endowments fund college scholarships and other financial aid, but not enough to cover a typical family's costs.

What endowments do with money received from donors



Why not spend more?

Most endowments are meant to last in perpetuity, so they generally have limits on annual spending to **reduce the risk of running out of money.**

Few college students get the full benefit of endowments

100 biggest U.S. endowments	Average endowment
80% of all endowment assets	**$5.4 million spent on student aid**
More student aid, but usually **higher-cost colleges**	Enough to fund **only 209 full scholarships**

Source: *2024 NACUBO-Commonfund Study of Endowments®*. Average endowment spending is based on a 4.8% spending rate, with 48% going to student aid. Full scholarship amount is based on College Board's *Trends in College Pricing and Student Aid 2025*, using average tuition, fees, and room and board for four-year, in-state public college.

Financial aid and college planning websites

Financial aid

fafsa.gov
cssprofile.collegeboard.org
studentaid.gov
irs.gov
(IRS Publication 970, *Tax Benefits for Education*)

529 college savings plans

collegesavings.org
savingforcollege.com

Grants and scholarships

goingmerry.com
fastweb.com
appily.com
bigfuture.com
scholarships.com
finaid.org
bold.org
sallie.com/scholarships
scholarshipowl.com
niche.com

College preparation

collegeboard.org
collegeconfidential.com
act.org
petersons.com

ABLE accounts

ablenrc.org
abletoday.org

Net Price Calculators

Go to college websites or click here to find calculators for estimating your family's costs after grants and scholarships.

Sources of financial aid

	Types of financial aid	Details
U.S. federal government	**Grants and scholarships** **Loans** **Work-study** **Tax credits and deductions**	In addition to aid from the U.S. Department of Education, scholarships and loan repayment may be available to qualified students through other government entities.
States	**Grants and scholarships**	Eligibility requirements and policies vary by state. Click here to learn about financial aid programs available in your state.
Colleges	**Grants and scholarships**	Aid may be available for attending a particular college and/or studying specific majors.
Nonprofit or private organizations	**Grants and scholarships**	Possible sources include charitable foundations, religious and community organizations, local businesses, ethnicity-based organizations, students' and parents' employers, civic groups, and professional associations related to a field of study.
Banks, credit unions or other lenders	**Private loans**	Tend to have higher interest rates and less flexible repayment options than federal loans.

Types of financial aid

Grants and **scholarships** are free gifts that generally don't have to be repaid.

Grants are typically **need-based**, while scholarships are **merit-based**.

Loans must be paid back with interest.

Source: studentaid.gov (U.S. Department of Education).

Financial aid: Types of applications

The Free Application for Federal Student Aid (FAFSA) is required by all colleges to award federal and institutional aid. About 275 colleges and scholarship programs also require students to submit the CSS Profile, a more detailed assessment used to determine eligibility for non-federal aid.[1]

Income and assets reported[2]	FAFSA	CSS Profile
Taxable income	●	●
Untaxed income (e.g., tax-deductible IRA contributions, tax-exempt interest, untaxed retirement distributions)	●	●
Interest and dividend income	●	●
Bank and investment accounts	●	●
Education savings accounts in student's name, owned by either parent or student	●	●
Trust funds	●	●
Investment real estate net worth	●	●
Business or farm net worth[3]	●	●
Child support received	●	●
Parent assets held in sibling names[4]		●
Retirement assets		●
Home equity (primary home)		●
Education savings accounts in student's name, owned by grandparents or other non-parents		●
Income and assets for both divorced or separated parents (and spouses, if remarried)		●
Pre-tax contributions to employer retirement plans		●
Mandatory contribution from student income		●
Untaxed Social Security benefits		●

Allowances and deductions[2]	FAFSA	CSS Profile
Number in household	●	●
Federal income and/or payroll taxes paid	●	●
Income and asset protection allowances	●	●
Education-related benefits (e.g., federal tax credits, taxable grants/scholarships, federal work-study)	●	●
Employment/business expenses	●	●
Number of family members enrolled in college		●
State taxes paid		●
Private K-12 tuition for siblings		●
Medical and dental expenses		●
Emergency reserve allowance		●
Education loan payments		●
Child support paid		●
Regional cost-of-living adjustments		●

Did you know?

Many colleges require the FAFSA and/or the CSS Profile even for merit-based aid like scholarships.

1. College Board, for 2026-27 school year. The CSS Profile may vary by college. See financial aid office or Net Price Calculator at your desired college for more information about what is used to calculate awards.
2. For illustrative purposes only. Information is not meant to be exhaustive. Review the FAFSA and CSS Profile applications for additional details.
3. Net worth of businesses with 100 or fewer full-time employees, farms where the family lives and family-run fishing operations are not reported on the FAFSA.
4. For siblings under age 19 and not enrolled in college.

Federal student aid: A sample of grant programs

	Details	2025-26 award year Annual award limit
Federal Pell Grant	• Generally awarded to undergraduate students with exceptional financial need; click here for eligibility requirements • Students may also qualify for full Pell Grants if their parent died while serving on active military duty after 9/11 or as a public safety officer[1]	up to **$7,395**
Federal Supplemental Educational Opportunity Grant (FSEOG)	• Administered directly by each college's financial aid office; not all colleges participate • Typically awarded to undergraduate students with the most financial need • Apply early; no grants given after college uses up funds received from U.S. Department of Education each year	up to **$4,000**
Teacher Education Assistance for College and Higher Education (TEACH) Grant	• For undergraduate or graduate students taking eligible coursework needed to become elementary or secondary school teachers • Must attend a participating college and meet certain academic achievement requirements • Must agree to serve as a full-time, state-certified teacher in a high-need field and low-income area for at least four years within the first eight years after college • Failure to complete the teaching service commitment results in grant funds being converted to a Federal Direct Unsubsidized Loan that must be repaid with interest	up to **$3,772**

Source: U.S. Department of Education. Awards are subject to availability of funds, and recipients must meet certain eligibility requirements. This is for informational purposes only. To learn more, visit https://studentaid.gov/understand-aid/types/grants.

1. Eligible students must be under 33 years old as of January 1 of the year before the start of the school year (e.g., January 1, 2026, for the 2026-27 school year).

Federal student aid: Loan programs

Loan	Eligibility	Interest rate[1]	Annual loan limit (per student) 2025-26 school year[1]	Annual loan limit (per student) 2026-27 school year[2]
Direct Subsidized Loan	Undergraduate students enrolled at least half-time and demonstrating financial need	**6.39%** Student not charged interest while in school and during deferment periods	**$3,500-$5,500** based on year in school[3]	**$3,500-$5,500** based on year in school[3]
Direct Unsubsidized Loan	Undergraduate and graduate students enrolled at least half-time, regardless of financial need	**6.39%** (undergraduates) **7.94%** (graduate students) Student responsible for interest during all periods	**$5,500-$7,500** dependent undergraduates, based on year in school[3] **$20,500** graduate and professional students	**$5,500-$7,500** dependent undergraduates, based on year in school[3] **$20,500** graduate students **$50,000** professional students
Direct PLUS Loan for parents	Parents of dependent undergraduate students enrolled at least half-time Parents must not have negative credit history	**8.94%** Parents responsible for interest during all periods	Cost of attendance minus any other financial aid received	**$20,000**[4]
Direct PLUS Loan for graduate or professional students	Graduate or professional degree students enrolled at least half-time Student must not have negative credit history	**8.94%** Student responsible for interest during all periods	Cost of attendance minus any other financial aid received	**Not available (phased out starting July 1, 2026[4])**

Source: U.S. Department of Education, the issuer of federal loans. For more information, visit https://studentaid.gov/understand-aid/types/loans.
1. Interest rates and annual limits apply to loans first disbursed between July 1, 2025, and June 30, 2026.
2. Annual limits apply to loans first disbursed between July 1, 2026, and June 30, 2027.
3. Dependent students whose parents are not eligible for a Direct PLUS Loan may be able to borrow more.
4. Borrowers with existing Direct PLUS Loans may continue borrowing under the old rules and limits for up to three years.

Comparing college planning vehicles

Understanding the different college planning vehicles can help you choose the right one for your needs.

	529 education plan	Custodial account (UGMA/UTMA)	Coverdell Education Savings Account
Tax-free investing and withdrawals for qualified education expenses	Yes[1]	No, some earnings may be taxed at child's rate, the rest at parents' rate	Yes[1]
State tax breaks on contributions	Yes, in some states	No	No
Income limits on contributors	No	No	Yes
Annual contribution maximum without gift taxes	$190,000 per beneficiary[2] (five years of tax-free gifts in one year)	$38,000 per beneficiary	$2,000 per beneficiary
Account owner control for the life of the account	Yes	No, child usually takes control at age 18 or 21; doesn't have to use money for education	No, beneficiary must generally use money by age 30
Assets removed from taxable estate	Yes	No, if donor is also custodian	Yes
Impact on federal financial aid	Low	High	Low
Allows rollovers to Roth IRAs	Yes[3]	No	No

1. Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as any applicable state and local income taxes. Please consult your tax professional about your particular situation.
2. Maximum gifts are $190,000 per beneficiary from married couples filing jointly and $95,000 from single tax filers. 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 portion of the gift is returned to the taxable estate.
3. Tax- and penalty-free rollovers are subject to certain requirements and limitations. See page 24 for details. State tax treatment of Roth IRA rollovers may vary by 529 plan. Please consult your financial or tax professional for more information.

529 plans vs. ABLE accounts: Key differences

ABLE accounts are similar to 529 plans but can be used to pay a wide range of disability-related expenses, not just education.

529 education plan		ABLE account
Anyone of any age	**Eligible beneficiaries**	People with a disability that began before age 46
Education expenses from K-12 through college and beyond[1]	**Qualified expenses for tax-free investing**	Education, health care, transportation, housing, assistive technology and other disability-related expenses[1]
• Special gift and estate tax benefits • State tax breaks in some cases • Tax-free rollovers to Roth IRAs[2]	**Additional tax advantages**	• State tax breaks in some cases • Potential for federal tax credit up to $2,000[3]
Account assets may be considered for eligibility for SSI, Medicaid and other government benefits	**Impact on means-tested benefits**	**Account assets generally not considered** for eligibility for SSI, Medicaid and other government benefits
$190,000 per beneficiary without federal gift taxes[4]	**Annual contribution limit**	$20,000 per beneficiary, plus income if the beneficiary works[5]
More than one allowed	**Number of accounts per beneficiary**	Only one allowed

1. Earnings on federal non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as any applicable state and local income taxes. Please consult your tax professional about your particular situation.
2. Tax- and penalty-free rollovers are subject to certain requirements and limitations. See page 24 for details. State tax treatment of Roth IRA rollovers may vary by 529 plan. Please consult your financial or tax professional for more information.
3. Eligibility for federal Saver's Credit and credit amount depend on income and other requirements.
4. Maximum gifts are $190,000 per beneficiary from married couples filing jointly and $95,000 from single tax filers. 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 portion of the gift is returned to the taxable estate.
5. Beneficiaries who work and do not participate in an employer-sponsored retirement plan may contribute the lesser of annual income or the individual federal poverty level for a one-person household in the beneficiary's state of residence.

Other sources of college funding

Compared to these options, a 529 education plan is usually the better choice.

	How it works	Pros	Cons
Roth IRA	Withdraw retirement funds to pay for college	• No taxes or penalties when contributions withdrawn[1] • No penalty if investment earnings withdrawn for qualified higher education expenses • Assets not considered for federal financial aid	• Withdrawals for college reduce retirement savings (see page 26) • Potential taxes on investment earnings withdrawn[2] • Annual contributions limited to $7,500 ($8,600 if age 50 or older) • Contributors subject to income limits; no gifts allowed from others • No state tax benefits
Life insurance with cash value	Withdraw or borrow against the cash value of a policy to pay for college	• Cash value grows tax-deferred; withdrawals generally tax-free[3] • Cash value not considered an asset for federal financial aid	• Subject to fees, commissions and surrender charges • Loan interest not generally tax deductible • Withdrawals and unpaid loans reduce policy's death benefit • No state tax benefits
Home equity loan	Borrow against home equity value to pay for college	• Have fixed interest rates often lower than college loans • Not subject to borrowing limits of federal loans	• Interest not tax deductible when used for college • Less repayment flexibility than federal loans • Risk of foreclosure if loan not repaid
Private loan	Borrow from bank, credit union or other lenders outside the U.S. government	• Interest may be tax deductible, subject to income limits • Higher borrowing limits than federal loans	• Interest rates often variable and higher than federal loans • Interest may be due while student is in college • Less repayment flexibility than federal loans • Often require cosigners

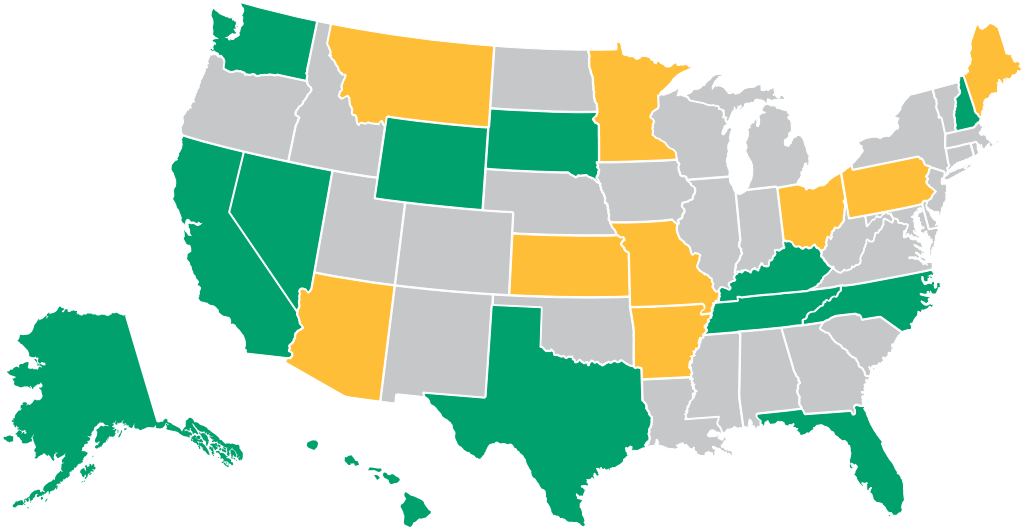
1. Subject to certain requirements. Penalties may be due if contributions from a converted account are withdrawn within five years of the conversion. Please consult a tax professional for additional details.
2. Withdrawals of investment earnings are tax free if the account owner is over age 59½ and the Roth IRA has been open at least five years. Please consult a tax professional for additional details.
3. If withdrawal amounts exceed the premiums paid, taxes may be due on the difference.

Education-related tax breaks[1]

	Details	Income limits	Tax benefits
Tax-advantaged education savings plans	**529 plans** for any level of education, from K-12 through graduate school, as well as student loan payments and apprenticeship/credential programs	None	Contributions not typically deductible from federal taxes; **investments grow tax-deferred**, and **withdrawals are generally tax-free** for qualified expenses[2]
	Coverdell Education Savings Accounts for any level of education, from K-12 through graduate school	Single: $110,000 Married filing jointly: $220,000	
Federal tax credits[3]	**American Opportunity Tax Credit** for qualified expenses in the first four years of college	Single: $90,000 Married filing jointly: $180,000	Reduce taxes by up to **$2,500 per student each year** (100% of the first $2,000 of qualified expenses and 25% of the next $2,000)
	Lifetime Learning Credit for qualified expenses in an unlimited number of years of college		Reduce taxes by up to **$2,000 per tax return each year** (20% of the first $10,000 of qualified expenses)
Student loan interest deduction	For interest paid on student loans taken out for yourself, your spouse or dependents	Single: $100,000 Married filing jointly: $205,000	Reduce taxable income by up to **$2,500 each year**
State tax deductions	Some states allow deductible contributions to a 529 education plan for state income tax purposes	Varies by state	Varies by state; see page 42 for more information

1. Must meet certain eligibility requirements. Information as of December 2025. Please consult a tax professional for additional details.
2. Tax-free withdrawals cannot be taken for the same expenses used to claim tax credits.
3. Taxpayers cannot claim both credits for the same student in the same year.

529 plans: State tax benefits[1]



Some states have income limits

Tax breaks may be subject to income requirements in some states, including Delaware, Maine, Minnesota, New Jersey, Oregon and Pennsylvania.
Check with individual plans for more details.

Tax parity states

These states offer a tax deduction for contributing to **any 529 plan**, including out-of-state plans that may be more attractive than the in-state option: Arizona, Arkansas,[2] Kansas, Maine, Minnesota,[2] Missouri, Montana, Ohio, Pennsylvania.

Tax-neutral states

These states offer **no state tax deduction** for 529 plan contributions: Alaska, California, Florida, Hawaii, Kentucky, Nevada, New Hampshire, North Carolina, South Dakota, Tennessee, Texas, Washington, Wyoming.

All other states

These states offer potential tax breaks on contributions made **only to in-state 529 plans**.

1. Savingforcollege.com, as of January 2026. State rules are subject to change.
2. Arkansas offers larger tax deductions for contributions made to an in-state 529 plan. Minnesota offers either a tax deduction or tax credit, depending on income. Consult the plans for more details.

Index definitions and disclosures

Indices are unmanaged, and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

The **Bloomberg US Treasury Bellwether 3 Month Total Return Index (unhedged USD**) is an unmanaged index that measures the total return performance of the most recently issued (on-the-run) 3-month U.S. Treasury bill. Total return for this index reflects both changes in the price of the Treasury bill and the interest earned (accrued discount), assuming all interest is reinvested. The index is rebalanced as new bills are issued and is calculated in U.S. dollars without currency hedging.

The **Bloomberg U.S. Aggregate Index** is an unmanaged index that measures the total return performance of the U.S. dollar-denominated, investment-grade, fixed-rate bond market. The index includes U.S. Treasury securities, government-related and corporate bonds, mortgage-backed securities (MBS), asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS). Total return reflects both price changes and interest income, assuming all coupon payments are reinvested.

The **S&P 500 Index** is an unmanaged index generally representative of the performance of large companies in the U.S. stock market. Index levels are in total return USD.

Past performance is no guarantee of comparable future results.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise.

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