



§529 Plans Make Saving for College Easier Than Ever

With the cost of a college education continuing to escalate, many investors are taking advantage of a flexible new college savings strategy that allows them to invest more money on a tax-deferred basis than ever before.

Named after the section of federal tax code that governs them, §529 College Savings Plans are a simple, tax-efficient means for meeting the expenses associated with an advanced degree.

Anyone can open an account, at any time, for the benefit of anyone they wish—a child, grandchild, relative, friend—even themselves! Control of the assets remains with the contributor, so the accumulated funds are sure to be used as the sponsor wishes. And, if the beneficiary chooses to forego college, the account owner may change beneficiaries¹ or withdraw² the assets.

Although the rules vary from state to state, contribution minimums are generally low, while the maximum amount allowed over the life of the account is quite sizeable—more than \$150,000 per student under most plans. §529 plans allow for earnings to be treated as tax-deferred until withdrawal. This way, taxes will not erode your account, allowing more of your funds to work for you over time. What's more, withdrawals made for qualified higher education expenses are federal income tax-free³!

The plans operate like a mutual fund in that returns fluctuate based on the performance of their underlying investments. Most plans offer a range of portfolios that include equity and fixed income investments.

Funds accumulated within a §529 plan can be used for tuition, fees, room and board, books, supplies and equipment necessary for enrollment and other qualified expenses at nearly every accredited U.S. institution of higher learning.

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§529 plans offer significant benefits for investors seeking to fund a college education:

Convenience and Flexibility

A §529 College Savings Plan account can be opened and funded at any time. The account can be started with an initial lump-sum contribution, (modest or significant) and contributors can make regular or occasional contributions as they please. Anyone (parents, grandparents, friends, even the intended beneficiary) can establish a §529 account and anyone can contribute to the account once it is opened.

Tax-deferred treatment of earnings and Tax-free Distributions³

Investment choices

Choose from a selection of professionally managed portfolios offered by a variety of prominent mutual fund companies.

Control of Assets

The account owner retains control of the assets and determines how the investment is used. The beneficiary can be changed¹ or assets can be withdrawn²

No income limits or restrictions

Anyone, at any income level can establish or contribute to a §529 account.

Low minimum investments

High contribution limits

Special gift and estate tax treatment⁴

Account owners can write-off up to five years of contributions (gifts of up to \$55,000⁵, \$110,000 for married couples) in a single year for each beneficiary without gift tax consequences. Also, contributions are generally excluded from your taxable estate for federal estate tax purposes, provided you are not the beneficiary on the account.

Start Now.

It's never too early—or too late to start a college savings program. Contact your Legend Advisor today to begin taking advantage of this outstanding savings vehicle. Your Legend Advisor can help you set up a §529 plan, and guide you in developing a comprehensive investment strategy designed to achieve your financial goals.

Local Office:

Securities Offered through Legend Equities Corporation.

¹The new beneficiary must be a member of the original beneficiary's family. There may be federal gift or generation skipping transfer tax consequences if the new beneficiary is a member of a lower generation than the original beneficiary.

²Federal income tax on the earnings and a 10% penalty may apply.

³Distributions for qualified education expenses made after December 31, 2001 are federal income tax free. Under a "sunset provision," these changes are scheduled to expire on December 31, 2010, in the absence of reenactment. As with all tax-related decisions, consult with your tax advisor.

⁴Legend Equities Corporation does not render tax or legal advice. Consult your tax advisor or attorney for tax and legal advice specific to your situation.

⁵Subject to an "add-back" rule in the event of your death.

Section §529 plans offered: Are Not FDIC Insured; May Lose Value; Are Not Bank Guaranteed. For more information, including a description of fees, expenses and risk, contact Legend Equities Corporation or your financial representative before you invest or send money. Favorable state tax treatment may be limited to investments made in a §529 college savings plan offered by the customer's home state. Customers should consult their tax advisor before investing.