

New York's 529 College Savings Program

Direct Plan - Program Overview • www.nysaves.org | 1-877-NYSAVES

Program Highlights

Federal income tax advantages

Your assets grow federal income tax-deferred and earnings on your withdrawals are exempt from federal income tax when used for qualified higher education expenses.*

Additional state tax advantages for New York State taxpayers.

Withdrawals are exempt from New York State income tax when used for qualified higher education expenses. New York taxpayers can also deduct up to \$5,000 of contributions (\$10,000 for a married couple filing jointly) on their state income tax return each year.**

Low fees

The Program charges an asset-based fee of only 0.60%, one of the lowest of any 529 plan. There are no other fees.

15 investment options by The Vanguard Group

Choose from three age-based options that adjust your assets over time to more conservative allocations as your beneficiary nears college and 12 individual portfolios that you adjust yourself according to your own investment strategy and risk tolerance.

Unlimited account access

You can open and manage your account online and choose to receive account statements and transaction confirmations online through www.nysaves.org.

Low initial investment amounts

You can start with as little as \$25 (or \$15 if you're contributing through payroll deduction). You can contribute by check, automatic investment from your bank account, or payroll deduction (if available through your employer).

Higher contribution limits

You can contribute until the total balance of all Program accounts held for the same beneficiary reaches an aggregate maximum which is currently \$235,000.

Broad eligibility

The Program is open to all U.S. citizens and resident aliens with a valid Social Security or taxpayer identification number. You can use your account to pay for tuition, fees, books, room and board, and supplies at any eligible post-secondary school in the United States and abroad.

Gift tax advantages

You can contribute up to \$55,000 in a single year (\$110,000 for a married couple filing jointly) for each beneficiary without incurring federal gift tax provided you don't make any other gifts to that beneficiary for five years.

Experienced management

Program management services are provided by Upromise Investments, Inc., with investment management and account services provided by The Vanguard Group.



Additional savings with the free Upromise Rewards Service

Upromise Rewards is a free service that helps you save for college by returning a percentage of your spending at thousands of America's leading companies -- such as AT&T, McDonald's, ExxonMobil, and many of your favorite local supermarkets. This money can be automatically transferred to your Program account on a periodic basis.

Interested in Learning More?

- Visit www.nysaves.org to learn more about the Program, request an enrollment kit, and even enroll online.
- Call **1-877-NYSAVES** (1-877-697-2837) to speak with a Vanguard education investment specialist.

* Unless extended, federally tax-free treatment of qualified withdrawals will expire after December 31, 2010. Earnings on nonqualified withdrawals are subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes.

** If you're not a New York State taxpayer, consider whether your home state offers a 529 program that provides its taxpayers with state tax benefits not available through this program.

New York's 529 College Savings Program is jointly administered by the New York State Higher Education Services Corporation and the Office of the State Comptroller.

New York's 529 College Savings Program *Direct Plan* is described in the current applicable Program Brochure and Tuition Savings Agreement. Accounts are opened by completing an Enrollment Form. All of these should be read carefully before opening an account. None of the State of New York, its agencies, the Federal Deposit Insurance Corporation (FDIC), The Vanguard Group, nor Upromise insures accounts or guarantees the principal deposited therein or any investment returns on any account or investment portfolio. The value of your account will vary based on market conditions and the performance of the investment options you select, and may be more or less than the amount you deposit. Tax benefits are subject to certain limitations and certain withdrawals are subject to federal, state and local taxes. If you are a resident or taxpayer of another state, you should consider whether that state offers a 529 Plan with tax or other benefits that are not available through this Program. You should consult your tax advisor. Investments may be made through Upromise Investments, Inc., and Vanguard Marketing Corporation, as distributors.

New York's 529 College Savings Program *Direct Plan* currently includes two separate 529 plans. The Direct Plan is sold directly by the Program. You may also participate in the Advisor Plan, which is sold exclusively through financial advisors and offers investment options that are not available under the Direct Plan. However, the fees and expenses of the Advisor Plan are higher and include financial advisor compensation. Be sure to understand the options available before making an investment decision.