

It's never too soon (or too late) to start saving

Planning for education takes time and patience—and a little bit of foresight doesn't hurt either. No matter what ages your children are, there are steps you can take today to help them on the road to a better education.

Preschool (ages 0–5)

- Start with a reality check: Given the current trends, the cost of education could double by the time a child born today graduates from high school.¹ Use our college savings planner to estimate how much education is likely to cost by the time your child is ready to enroll.
- Waiting can be expensive. Talk with your financial advisor about the education savings options available, and consider opening a 529 plan account today to begin putting the power of compounding to work.
- Consider enrolling in automatic investing. This is an easy-to-implement process in which you have a set amount of money regularly withdrawn from your bank account and automatically invested in your education savings plan. The result is a disciplined and focused approach that has the potential to deliver tremendous long-term benefits.
- Don't go it alone: Anyone can contribute to a 529 plan, including grandparents, family, and friends. Suggest contributions for holiday and birthday gifts.

Elementary/middle school (ages 5–13)

- Revisit your asset allocation mix to be sure it's appropriate for your savings goals.
- If you've recently become a two-income family or are no longer incurring daycare costs, consider increasing the monthly amount you invest in a 529 plan.
- Talk to your financial advisor about striking a balance between retirement and education savings, including long- and short-term goals.
- Ask your financial advisor about how you or your family members can remove estate assets and help save for your child's education at the same time.

High school (ages 13–18)

- Nearly two-thirds of students received some form of grant or scholarship last year, but eligibility and the amount of aid varied greatly.² Research your potential eligibility for financial aid and use our financial aid estimator to see how using a 529 savings plan, or other vehicle that's treated as a parental asset, may affect financial aid eligibility.
- As you and your child start to focus on particular schools, rerun our education savings planner with specific tuitions to make sure you're still on track.
- Talk to your financial advisor about how much to take in distributions from your 529 savings account and what strategies you'll use to cover any potential shortfalls.
- During college, continue working with the school's financial aid office to ensure that you are not missing any opportunities. Loans, grants, scholarships, and even work-study jobs can contribute to your child's education and can change from year to year.



Resources

- **johnhancockfreedom529.com**
Information about John Hancock Freedom 529 plan, investment options, calculators, and saving strategies
- **collegesavings.org**
Clearinghouse for information on existing programs
- **savingforcollege.com**
Analysis of 529 plans, as well as tools and calculators
- **finaid.org**
Information on scholarships, loans, and financial aid applications
- **studentaid.ed.gov**
Guidance on preparing for college and applying for financial aid
- **collegeboard.org**
Resource for school-specific details and overall college planning

A powerful way to save



TAX ADVANTAGES

- **Your account can accumulate and compound tax free³**—You pay no federal income taxes on your earnings when you withdraw the money to pay for qualified college expenses. Since the earnings are not taxed, your savings can accumulate faster than in a taxable account.
- **Your contributions may qualify for a tax deduction⁴**—Seven states—Arizona, Arkansas, Kansas, Minnesota, Missouri, Montana, and Pennsylvania—allow you to deduct some or all of your contributions to the John Hancock Freedom 529 plan on your state income-tax return.



FLEXIBILITY

- **Anyone can invest on behalf of your child**—Parents, grandparents, aunts, uncles, and friends can all contribute to your child's account. There are no income or age limits for contributors, and each account can accept as much as \$475,000 in total contributions.⁵
- **You can take advantage of special gifting flexibility**—You can make five years' worth of contributions in a single year—up to \$75,000 (\$150,000 for couples filing jointly) per beneficiary—without triggering federal gift taxes.⁶ Contributions directly reduce the value of the donor's taxable estate, providing potential estate planning advantages.
- **You can use it at any accredited college nationwide, as well as K through grade 12**—Unlike prepaid tuition plans, 529 plan proceeds can be used at any accredited college to pay for tuition, fees, room and board, computers, books, and other qualified expenses. Plus, you can now use your 529 plan to pay for your child's primary and secondary private school education (of up to \$10,000 per year in tuition only).
- **You can get in-state tuition in Alaska**—As a John Hancock Freedom 529 account holder or beneficiary, you may qualify for in-state tuition at the University of Alaska, regardless of the state you live in. To qualify, you need to hold your account for at least the two years immediately preceding enrollment.



CONTROL

- **You control the account**—Unlike with UGMA/UTMA accounts, you retain control over withdrawals for the life of the account. You can even change beneficiaries to another family member if you decide not to use it for your child's education or if there is money left over.
- **Creditor protection**—Alaska state law protects assets invested in the plan from claims by creditors of the account owner and beneficiaries, in most cases.⁷



DIVERSIFICATION

- **You can benefit from a deeper level of diversification**—Jointly managed by John Hancock Investments and T. Rowe Price, the plan's ready-built investment options offer diversification by asset class, investment style, and manager, along with a level of investment oversight that's hard to match with other 529 plans.

Ask your advisor

Talk to your financial advisor today about the benefits of saving for education with the John Hancock Freedom 529 plan.

1 The Bureau of Labor Statistics, John Hancock Investments, 2017. **2** "How America Pays for College 2017," salliema.com, 2018. **3** State tax laws and treatment may vary. Earnings on nonqualified distributions will be subject to income tax and a 10% federal penalty tax. Please consult your tax advisor for more information. **4** Consult your financial, tax, or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. **5** Contributions cannot cause the account balance to exceed \$475,000 per beneficiary. **6** For 2018. **7** Each account is designed to be protected from the claims by creditors of the account holder and beneficiary, with the exception of contributions made to accounts after being in default of child support obligations for 30 days. Please refer to the Plan Disclosure Document for more information.

This material does not constitute tax, legal, or accounting advice, and neither John Hancock nor any of its agents, employees, or registered representatives are in the business of offering such advice. It was not intended or written for use, and cannot be used, by any taxpayer for the purpose of avoiding any IRS penalty. It was written to support the marketing of the transactions or topics it addresses. Anyone interested in these transactions or topics should seek advice based on his or her particular circumstances from independent professional advisors.

Please note, John Hancock Investments monitors and controls johnhancockfreedom529.com and is not responsible for the information provided within the other suggested resources.

Diversification does not guarantee a profit or eliminate the risk of a loss.

This material is not intended to be, nor shall it be interpreted or construed as, a recommendation or providing advice, impartial or otherwise. John Hancock Investments and its representatives and affiliates may receive compensation derived from the sale of and/or from any investment made in its products and services.

If your state or your designated beneficiary's state offers a 529 plan, you may want to consider what, if any, potential state income-tax or other state benefits it offers, such as financial aid, scholarship funds, and protection from creditors, before investing. State tax or other benefits should be one of many factors to be considered prior to making an investment decision. Please consult with your financial, tax, or other advisor about how these state benefits, if any, may apply to your specific circumstances. You may also contact your state 529 plan or any other 529 education savings plan to learn more about their features. Please contact your financial advisor or call 866-222-7498 to obtain a Plan Disclosure Document or prospectus for any of the underlying funds. The Plan Disclosure Document contains complete details on investment objectives, risks, fees, charges, and expenses, as well as more information about municipal fund securities and the underlying investment companies that should be considered before investing. Please read the Plan Disclosure Document carefully prior to investing.

John Hancock Freedom 529 is an education savings plan offered by the Education Trust of Alaska, managed by T. Rowe Price, and distributed by John Hancock Distributors LLC through other broker-dealers that have a selling agreement with John Hancock Distributors LLC. John Hancock Distributors LLC is a member of FINRA and is listed with the Municipal Securities Rulemaking Board (MSRB). © 2018 John Hancock. All rights reserved. Information included in this material is believed to be accurate as of the April 2018 printing date.

Connect with John Hancock Investments:
@JH_Investments | jhinvestmentsblog.com



John Hancock Freedom 529
P.O. Box 17603 ■ Baltimore, MD 21297-1603 ■ 866-222-7498 ■ johnhancockfreedom529.com
529 PLANS ARE NOT FDIC INSURED, MAY LOSE VALUE, AND ARE NOT BANK OR STATE GUARANTEED.
CS437736