



AMERICAN  
FUNDS®

From Capital Group

December 7, 2015

## College Savings Report

Robinson Family

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**PREPARED BY**

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Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

# Rebecca: College Savings Plan

Robinson Family

As of December 7, 2015

## Projected College Costs ⓘ

**\$91,715**

- Rebecca has 14 years until college starts
- Plans to attend University of Wisconsin-Madison (current annual cost<sup>1</sup> is \$9,273 for in-state students)
- Plans to spend 4 years in college
- 6% hypothetical annual college inflation rate
- Additional expenses not included in costs

## Costs You Plan To Fund ⓘ

**\$68,787**

- 75% of projected college costs

## Your Projected Savings ⓘ

**\$67,647**

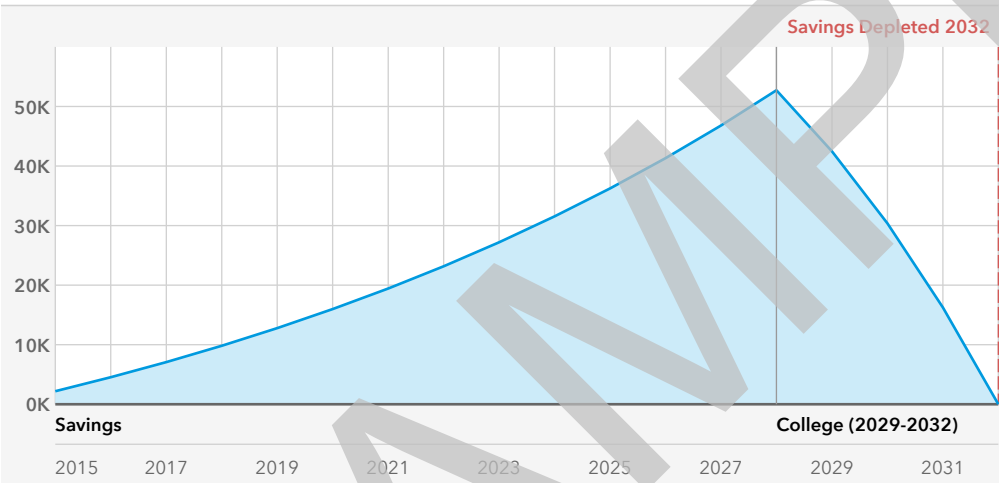
- \$2,000 initial investment
- \$175 monthly contributions
- No planned contribution increase
- 8% hypothetical annual growth rate

## Savings Deficit ⓘ

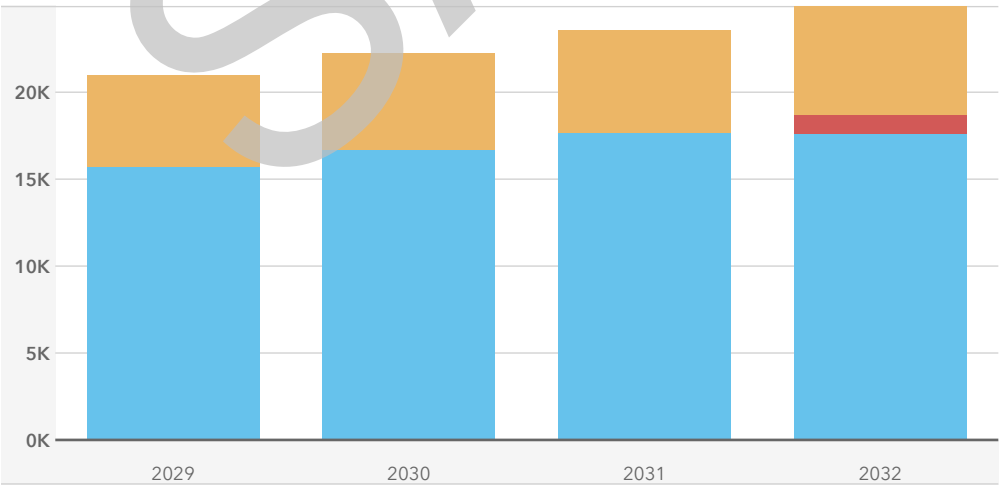
**-\$1,140**

Ongoing monthly contributions may need to increase to \$178 to fund 75% of college costs.

## College Savings



## College Costs



# Rebecca: College Savings Plan

Robinson Family

As of December 7, 2015

## Rebecca: Savings and Costs Over Time

Year	Contributions This Year	Cumulative Contributions	Hypothetical Investment Growth	Costs You Plan to Fund	Year-End Savings Balance
2015	\$2,175	\$2,175	\$13	\$0	\$2,188
2016	\$2,100	\$4,275	\$251	\$0	\$4,539
2017	\$2,100	\$6,375	\$439	\$0	\$7,078
2018	\$2,100	\$8,475	\$642	\$0	\$9,820
2019	\$2,100	\$10,575	\$862	\$0	\$12,782
2020	\$2,100	\$12,675	\$1,098	\$0	\$15,980
2021	\$2,100	\$14,775	\$1,354	\$0	\$19,434
2022	\$2,100	\$16,875	\$1,631	\$0	\$23,165
2023	\$2,100	\$18,975	\$1,929	\$0	\$27,194
2024	\$2,100	\$21,075	\$2,251	\$0	\$31,546
2025	\$2,100	\$23,175	\$2,600	\$0	\$36,245
2026	\$2,100	\$25,275	\$2,976	\$0	\$41,321
2027	\$2,100	\$27,375	\$3,382	\$0	\$46,802
2028	\$2,100	\$29,475	\$3,820	\$0	\$52,722
2029	\$2,100	\$31,575	\$3,356	\$15,724	\$42,455
2030	\$2,100	\$33,675	\$2,479	\$16,667	\$30,366
2031	\$2,100	\$35,775	\$1,452	\$17,668	\$16,250
2032	\$1,050	\$36,825	\$287	\$18,728	-\$1,140

# Jason: College Savings Plan

Robinson Family

As of December 7, 2015

## Projected College Costs ⓘ

**\$254,156**

- Jason has 16 years until college starts
- Plans to attend a public college (current annual cost<sup>1</sup> is \$22,870 for in-state students)
- Plans to spend 4 years in college
- 6% hypothetical annual college inflation rate
- Additional expenses<sup>1</sup> included in costs, if available (may include room, board, books and/or fees)

## Costs You Plan To Fund ⓘ

**\$190,617**

- 75% of projected college costs

## Your Projected Savings ⓘ

**\$108,739**

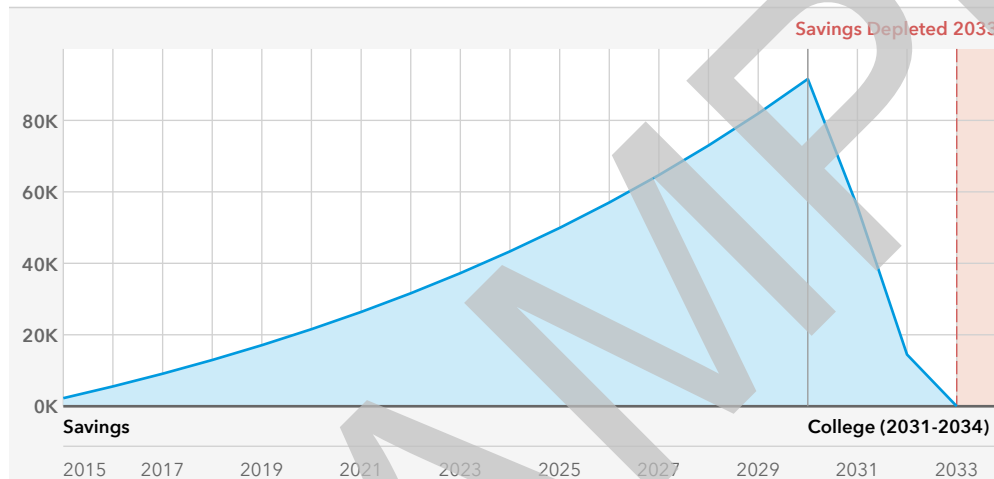
- \$2,000 initial investment
- \$250 monthly contributions
- No planned contribution increase
- 8% hypothetical annual growth rate

## Savings Deficit ⓘ

**-\$81,877**

Ongoing monthly contributions may need to increase to \$424 to fund 75% of college costs.

## College Savings



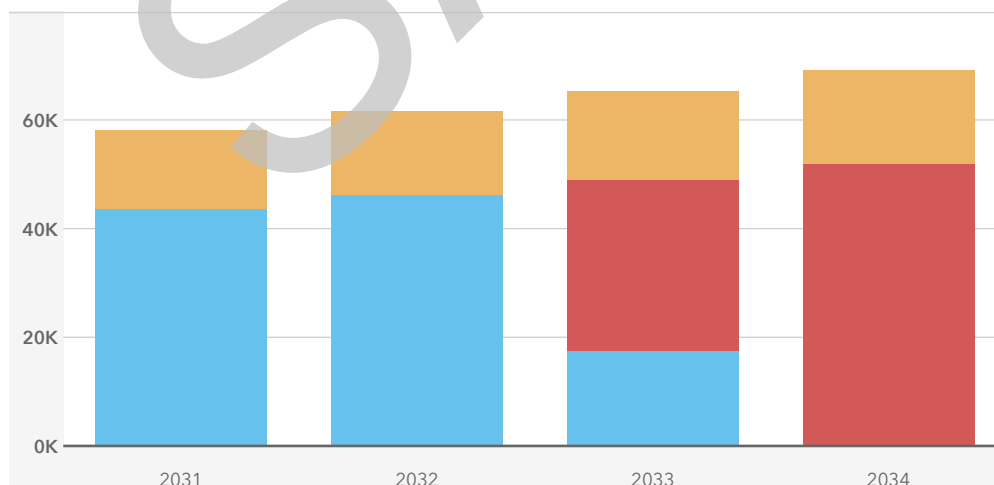
Initial Investment

**\$2,000**

Contributions

**\$250 monthly**

## College Costs



### TOTALS

Projected College Costs

**\$254,156**

Costs You Plan to Fund

**\$190,617 (75%)**

Costs Not Funded by You

**\$63,539 (25%)**

Deficit

**-\$81,877**

# Jason: College Savings Plan

Robinson Family

As of December 7, 2015

## Jason: Savings and Costs Over Time

Year	Contributions This Year	Cumulative Contributions	Hypothetical Investment Growth	Costs You Plan to Fund	Year-End Savings Balance
2015	\$2,250	\$2,250	\$13	\$0	\$2,263
2016	\$3,000	\$5,250	\$290	\$0	\$5,552
2017	\$3,000	\$8,250	\$553	\$0	\$9,105
2018	\$3,000	\$11,250	\$837	\$0	\$12,942
2019	\$3,000	\$14,250	\$1,144	\$0	\$17,086
2020	\$3,000	\$17,250	\$1,475	\$0	\$21,561
2021	\$3,000	\$20,250	\$1,833	\$0	\$26,394
2022	\$3,000	\$23,250	\$2,220	\$0	\$31,614
2023	\$3,000	\$26,250	\$2,638	\$0	\$37,252
2024	\$3,000	\$29,250	\$3,089	\$0	\$43,341
2025	\$3,000	\$32,250	\$3,576	\$0	\$49,916
2026	\$3,000	\$35,250	\$4,102	\$0	\$57,018
2027	\$3,000	\$38,250	\$4,670	\$0	\$64,688
2028	\$3,000	\$41,250	\$5,284	\$0	\$72,972
2029	\$3,000	\$44,250	\$5,946	\$0	\$81,918
2030	\$3,000	\$47,250	\$6,662	\$0	\$91,580
2031	\$3,000	\$50,250	\$4,837	\$43,573	\$55,844
2032	\$3,000	\$53,250	\$1,822	\$46,188	\$14,478
2033	\$3,000	\$56,250	\$0	\$48,959	-\$31,481
2034	\$1,500	\$57,750	\$0	\$51,897	-\$81,877

# Summary for All Students

Robinson Family

As of December 7, 2015

Projected College Costs ⓘ

**\$345,871**

Costs You Plan to Fund ⓘ

**\$259,403**

Your Projected Savings ⓘ

**\$176,386**

Savings Deficit ⓘ

**-\$83,017**

## All Students: Savings and Costs Over Time

Year	Contributions This Year	Cumulative Contributions	Hypothetical Investment Growth	Costs You Plan to Fund	Year-End Savings Balance
2015	\$4,425	\$4,425	\$26	\$0	\$4,451
2016	\$5,100	\$9,525	\$540	\$0	\$10,091
2017	\$5,100	\$14,625	\$992	\$0	\$16,183
2018	\$5,100	\$19,725	\$1,479	\$0	\$22,762
2019	\$5,100	\$24,825	\$2,005	\$0	\$29,867
2020	\$5,100	\$29,925	\$2,574	\$0	\$37,541
2021	\$5,100	\$35,025	\$3,188	\$0	\$45,829
2022	\$5,100	\$40,125	\$3,851	\$0	\$54,779
2023	\$5,100	\$45,225	\$4,567	\$0	\$64,446
2024	\$5,100	\$50,325	\$5,340	\$0	\$74,886
2025	\$5,100	\$55,425	\$6,175	\$0	\$86,162
2026	\$5,100	\$60,525	\$7,077	\$0	\$98,339
2027	\$5,100	\$65,625	\$8,052	\$0	\$111,490
2028	\$5,100	\$70,725	\$9,104	\$0	\$125,694
2029	\$5,100	\$75,825	\$9,303	\$15,724	\$124,373
2030	\$5,100	\$80,925	\$9,141	\$16,667	\$121,946
2031	\$5,100	\$86,025	\$6,289	\$61,241	\$72,094
2032	\$4,050	\$90,075	\$2,110	\$64,915	\$13,338
2033	\$3,000	\$56,250	\$0	\$48,959	-\$31,481
2034	\$1,500	\$57,750	\$0	\$51,897	-\$81,877

## Take Advantage of Time

Opening a college savings account as soon as possible and contributing regularly provides the opportunity for compounding growth. The sooner you start, the more potential you have to grow your savings, and the less you may have to borrow when it comes time to pay for college.

## Consider a CollegeAmerica® 529 Savings Plan

CollegeAmerica offers the tax advantages, flexibility and control of investing in a 529 plan, plus built-in simplicity and quality investment options from the American Funds.

- Launched in 2002
- Chosen by more than 110,000 advisors and more than 1 million families nationwide
- The country's largest plan\*, with assets topping \$49 billion†

## Three Different Investment Approaches

**American Funds College Target Date Series®:** Designed to pursue the specific needs of college savings investors, these funds automatically grow more preservation-oriented as college approaches.

**American Funds Portfolio Series<sup>SM</sup>:** The six Portfolio Series “funds of funds” available in CollegeAmerica are managed with specific objectives in mind: Appreciation, Balance or Preservation. Select the one that best fits the beneficiary's time frame and your risk tolerance.

**The American Funds:** The 27 individual American Funds available in CollegeAmerica are good options for building customized portfolios with the help of your advisor.

## Explore Other Ways to Meet College Costs

There are other options to consider if you have a savings shortfall and are unable to increase the contribution amount to your college savings account.

**Invest monetary gifts from relatives and loved ones.** Directing money from holiday and birthday gifts to a college savings account can play a meaningful role in supplementing your contributions.

**Explore grants and scholarships.** These awards are offered by federal, state and local governments, private and non-profit organizations and most colleges. The best part – grants and scholarships, in general, do not need to be paid back.

**Research student loans.** Student loans are offered by federal and most state governments and from private institutions such as banks. Of course, student loans must be paid back along with any interest incurred.

**Take advantage of your local community college.** Beginning at a local community college, then transferring to the student's college of choice can reduce overall costs and provide access to an education that might otherwise be out of reach.

**Contemplate other colleges.** Run scenarios in the College Savings Calculator using different colleges to see if you can find other schools that are both a good fit for the student and your family's finances.

\* Largest by assets, according to the Q4 2014 529 College Savings Quarterly Data Update from Strategic Insight.

† Source: American Funds. As of March 31, 2015, CollegeAmerica AUM is \$49.2B.

Visit [americanfunds.com](http://americanfunds.com) for more information about college savings strategies, CollegeAmerica 529 savings plans and American Funds College Target Date Series.

## Terms & Definitions

**Projected College Costs:** This is the anticipated total price of college (the sum of the projected costs for each year the student plans to attend college). To calculate these yearly costs, the calculator takes the current annual college cost and adjusts for inflation using the college inflation rate specified.

**Costs You Plan to Fund:** This is the portion of projected college costs you plan to cover (your savings goal).

**Your Projected Savings:** This is the sum of all contributions (initial investment and subsequent contributions) and the hypothetical growth on those assets.

**Savings Surplus:** This is the projected savings balance based on calculator inputs. It is the difference between your projected savings and the costs you plan to fund.

**Savings Deficit:** This is the projected savings shortfall based on calculator inputs. It is the difference between your projected savings and the costs you plan to fund.

**Increase ongoing contribution by:** An increase may be made to the monthly or annual contribution at a specified time in the future. The contribution amount will increase once on the start date specified and remain at the increased amount for the remainder of the illustration.

**Annual college inflation rate:** The yearly rate at which you anticipate college costs will rise. Used to determine future college costs, the rate is assumed at 6%, but can be changed based on school, type, region and other factors.

**Hypothetical annual growth rate:** This is the yearly rate at which you anticipate your investment (college savings) will grow. The calculator uses this figure to determine your projected savings.

## Calculation Details

### Contributions

Monthly contributions begin on the last day of the same month that the calculator is run and continue uninterrupted through the month before the last college payment is made. Ongoing monthly contributions are made on the last day of every month. Since the last college expense falls in July for any given year, the last monthly contribution takes place in June of the same year.

Annual contributions begin on the last day of the same year (December 31) that the calculator is run and continue uninterrupted through the year-end before the last college payment is made. Since the last college expense falls in July for any given year, the last annual contribution takes place in December of the preceding year.

Contributions are made at the end of the month or year and therefore do not factor into the investment gains for that period.

### College Costs

Current annual college costs increase at the annual rate of college inflation to determine projected college costs.

College payments begin in January of the same year that the student begins college. During the college years, annual college costs are split equally between a January and July payment. Payments are deducted from the savings balance at the beginning of the month before the monthly investment growth is calculated. The calculator makes the last college payment in July before the final school year begins.

### Increase to Ongoing Contributions

An increase may be made to the monthly or annual contribution at a specified time in the future. The contribution amount will increase once on the start date specified and remain at the increased amount for the remainder of the illustration.

### Hypothetical Growth

Savings grow at the hypothetical annual growth rate through January 1 of the last year of college.



## **Savings Deficit**

In a deficit situation, the calculator provides the rate of savings (monthly or annual contribution amount) that, if applied, would have led to projected savings equaling the projected college costs (or portion of costs the user plans to fund).

In a deficit situation where a one-time contribution increase has been elected, the calculator provides the increased monthly or annual contribution amount that, if applied, would have led to projected savings equaling the projected college costs (or portion of costs the user plans to fund).

## **Additional Information**

The funds' allocation strategy does not guarantee that investors' education savings goals will be met. The target date is the year in which the beneficiary is expected to begin taking withdrawals. Investors and their advisors should periodically evaluate their investments to determine whether they continue to meet their needs. There are expenses associated with the underlying funds in addition to funds-of-funds expenses. The funds' risks are directly related to the risks of the underlying funds.

**Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses, summary prospectuses and CollegeAmerica program Description, which can be obtained from a financial professional and should be read carefully before investing. CollegeAmerica is distributed by American Funds Distributors® and sold through unaffiliated intermediaries.**

**Depending on your state of residence, there may be an in-state plan that offers tax and other benefits not available through CollegeAmerica.** Before investing in any state's 529 plan, investors should consult a tax advisor. CollegeAmerica is sponsored by Virginia529<sup>SM</sup>.

If withdrawals from 529 plans are used for purposes other than higher education, the earnings will be subject to a 10% federal tax penalty in addition to federal and, if applicable, state income tax.

<sup>1</sup> Current annual college cost figures are obtained from Peterson's. The college costs may include tuition, room and board, and books and expenses as reported by Peterson's. Copyright © 2015 Peterson's, a Nelnet Company, and its licences. All rights reserved.