

Compare three ways to save for college

Type of account	Income limits ----- Contribution limits	Federal income tax impact ----- State income tax impact	Oversight ----- Beneficiary changes	Uses ----- Nonqualified withdrawal penalties	Investment flexibility	American Funds investment options	Rollovers
CollegeAmerica 529 college savings plan	No income limits. ----- Contributions limited to \$350,000 per beneficiary.	Earnings can grow tax-free. Withdrawals for qualified higher-education expenses free from federal tax. ----- Residents of Virginia as well as a few other states receive state income tax deduction.	Owner maintains control of assets, decides when withdrawals will be made. ----- Owner can change beneficiary.	Higher-education expenses, such as tuition, room and board, and certain other required books, supplies, fees and expenses, for community college, undergraduate and graduate school, and professional and technical training. ----- Nonqualified withdrawals subject earnings to ordinary income taxes and 10% federal tax penalty.	Able to change assets among funds once per year and with change of beneficiary.	25 of the American Funds across five share classes	Allowed once every 12 months or with change of beneficiary.
Coverdell Education Savings Account	Ability to contribute phased out for married couples with incomes between \$190,000 and \$220,000, and individuals with incomes between \$95,000 and \$110,000. ¹ ----- Contributions limited to \$2,000 per year per beneficiary. ¹	Earnings can grow tax-free. Withdrawals for qualified elementary, secondary ¹ and higher-education expenses free from federal tax. ----- No state tax deduction.	Beneficiary may assume control at age of majority (18 or 21 in most states). ----- Account owner can change beneficiary prior to beneficiary assuming control of account.	Education expenses, such as tuition, room and board, and certain other required books, supplies, fees and expenses, for kindergarten ¹ through graduate school. ----- Nonqualified withdrawals subject earnings to ordinary income taxes and 10% federal tax penalty.	No limit on frequency of asset changes.	25 of the American Funds	Allowed once every 12 months.
UGMA/UTMA	No income limits. ----- No contribution limits.	First \$950 of earnings tax-free for children under 19. Earnings between \$950 and \$1,900 taxed at child's rate; earnings above \$1,900 taxed at parents' rate. All earnings for children 19 and older taxed at child's rate. ² ----- No state tax deduction.	Beneficiary assumes control at age of majority (18 or 21 in most states). ----- No beneficiary changes permitted.	Any use benefiting the child. ----- Not applicable.	No limit on frequency of asset changes, but each transfer usually treated as taxable event.	All 33 of the American Funds	Not applicable.

¹ This benefit and/or limit is effective through 2012, unless extended by Congress.

² These rules also apply to children who are full-time students under age 24 whose earned income does not exceed one-half of their support.

Depending on your state of residence, there may be an in-state 529 college savings plan that provides tax and other benefits not available through CollegeAmerica. Talk to your tax adviser.

Share prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely.

Investors should carefully consider the investment objectives, risks, charges and expenses of the American Funds and CollegeAmerica. This and other important information is contained in each fund's prospectus and summary prospectus and the *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. CollegeAmerica is sponsored by Virginia College Savings Plan. For current information, visit americanfunds.com.

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