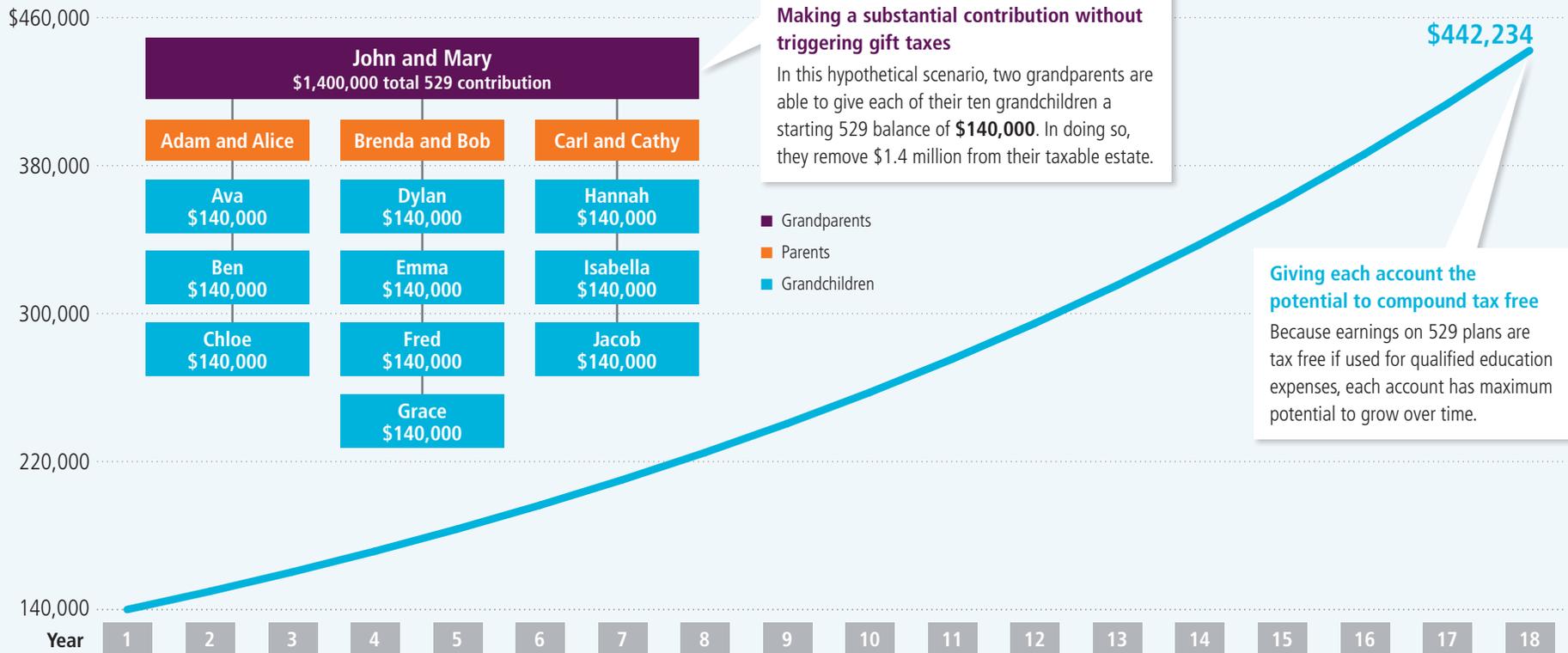


# Create an educational legacy with 529 gifting

Many families are taking advantage of the estate planning benefits offered by 529 college savings plans. Contributions are considered completed gifts that reduce the value of a donor's estate, and the accelerated gifting feature lets you make five years' worth of contributions in a single year—up to \$70,000 (\$140,000 for couples filing jointly) per child or grandchild—without triggering federal gift taxes.<sup>1</sup> The result is a powerful educational legacy that may also help lower estate taxes.

## Special 529 gifting rules can greatly increase the power of a single gift



The above illustration does not depict an investment in John Hancock Freedom 529 and is a hypothetical example for comparison purposes only. Rates are subject to change. This illustration does not reflect the effect of asset charges and account fees. These fees would reduce the performance shown in the above illustration. The investment return and principal value of an investment may fluctuate so that distributed investments may be worth more or less than their original value. Tax deferral may work best for long-term goals. The projected values assume an initial lump sum of \$140,000 is invested for 18 years at a hypothetical compound annual growth rate of 7%, accrued monthly.

<sup>1</sup> State laws and treatment may vary. Earnings on nonqualified distributions will be subjected to a 10% federal penalty tax. Please speak with your tax advisor for more information.

## John Hancock Freedom 529 plan is a powerful way to save



### 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 \$400,000 in total contributions.<sup>1</sup>
- **You can take advantage of special gifting flexibility**—You can make five years’ worth of contributions in a single year—up to \$70,000 (\$140,000 for couples filing jointly) per beneficiary—without triggering federal gift taxes. 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**—Unlike prepaid tuition plans, 529 plan proceeds can be used at any accredited college to pay for tuition, fees, room and board, books, and other qualified expenses.



### 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 your child decides not to attend college or if there is money left over.



### TAX ADVANTAGES

- **Your account can accumulate and compound tax free**—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 deduction**—Six states—Arizona, Kansas, Maine, Missouri, Montana, and Pennsylvania—allow you to deduct some or all of your contributions to John Hancock Freedom 529 plan on your state income-tax return.



### 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 is hard to match with other 529 plans.

Ask your advisor

Ask your financial advisor if our 529 plan’s accelerated gifting feature is right for your family.

<sup>1</sup> Contributions cannot cause the account balance to exceed \$400,000 per Beneficiary.

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.

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

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 benefits it offers 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 college savings plan to learn more about their features. Please contact your financial consultant 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 a college 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). © 2014 John Hancock. All rights reserved. Information included in this material is believed to be accurate as of the November 2014 printing date.

**529 PLANS ARE NOT FDIC INSURED, MAY LOSE VALUE, AND ARE NOT BANK OR STATE GUARANTEED.**