UESP NEWS

January 2018

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UESP Is Changing Its Name

my529™

Whether you are a new or a longtime account owner, you have likely referred to your Utah Educational Savings Plan (UESP) account as “my 529 account.” We thought we’d make it official. On February 5, 2018, UESP will become my529.

The name may be new, but with my529, you will still receive a user-friendly experience and prompt, professional service from our staff. We are the same company—we simply changed our name.

How will this change affect accounts and account owners?

Your investment portfolios and account balances will not be impacted. You will now view account information via my529.org instead of uesp.org using your existing account number and login information.

Your 2017 tax documents and fourth quarter statements will bear the UESP logo. Beginning February 5, 2018, expect to see the my529 logo on all plan communication such as newsletters, quarterly statements, tax documents, Account Access, and my529.org. Our previous URL, uesp.org, will redirect you to my529.org. You may also notice the my529 rollout campaign announcing the change through television and radio commercials, print advertisements, and billboards.

Why the name change?

The decision to rebrand UESP involved considerable research, discussion, and development. The name my529 eliminates any confusion about our mission. 529 plans—investment vehicles designed for educational savings—help people save for university, college, or technical school. Funds can be used at any institution of higher education nationwide or abroad that accepts federal financial aid. my529 funds are not restricted to schools in Utah.

And now, you can use your my529 funds on K-12 tuition expenses. See the story on page 2.

Questions?

Contact us at 800.418.2551, or email info@uesp.org.

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"Market corrections are a normal part of the investment landscape"

Stock markets bounce up and down, but over time they have a strong track record of success.

Want proof? The Dow Jones industrial average, one of the oldest measures of the health of stock markets, has gained more than 1,650 percent in the last 100 years, despite 18 recessions and frequent market corrections.

“Market corrections are a normal part of the investment landscape,” says Jeff Kravetz, regional investment director with U.S. Bank Private Wealth Management.

“A correction in equity markets is marked by a 10 percent or more drop in the level of a stock market index. Corrections are usually short-lived, anywhere from a few weeks to a few months. Catalysts for market corrections include valuation concerns, economic worries and external factors such as geopolitical events,” Kravetz says.

Market corrections can be unsettling, but over the long term they can be healthy for investors, according to a 2017 report in The Wall Street Journal, “A Correction Now Might Not Be So Bad, Some Investors Say.” Pullbacks tamp down speculation, provide opportunities for investors to look for stock bargains, and, importantly, deflate irrational exuberance that can undermine their investment goals.

Wise investors expect market dips. They know their investment portfolios will not have above average returns every year. Instead, they focus on whether their investments are moving toward specific goals on schedule.

Each investor has their own time horizon and goals for saving, and you should review those when making your investment decisions.

New Tax Law Allows Payment of K-12 Tuition From 529 Plans

The tax reform legislation signed into law December 22, 2017, brings several important enhancements to 529 college savings plans, including the Utah Educational Savings Plan (UESP).

Beginning on January 1, 2018, UESP account owners may take tax-free withdrawals up to $10,000 annually from their accounts for tuition expenses at public, private, or religious schools. This provision applies to elementary, middle, and high schools.

Payments for K-12 tuition expenses cannot exceed a combined total of $10,000 per beneficiary from all qualified tuition programs, including UESP. A UESP account owner is responsible for monitoring the $10,000 limit, and for maintaining adequate records, such as receipts and other documentation.

Account owners may request a withdrawal for K-12 tuition expenses online through Account Access or by completing and submitting a Withdrawal Request form (Form 300).

Under the new legislation, 529 account owners also can roll over their savings to an Achieving a Better Life Experience (ABLE) account owned by the same beneficiary or member of the beneficiary’s family. A rollover will count toward the annual ABLE account contribution limit, which increased to $15,000 on January 1, 2018. However, any rollover amount in excess of $15,000 will be included as part of the beneficiary’s income.

A rollover from a Utah taxpayer’s UESP account to an ABLE account is subject to recapture of all previously claimed Utah state tax credits or deductions in the year the rollover is made. However, Utah taxpayers can claim a Utah state income tax credit for contributions to an account in another state’s ABLE program.

Account owners may request a rollover to an ABLE account by completing and submitting a Withdrawal Request form (Form 300).

Please consult a tax advisor to see how these changes affect your individual tax situation.
Two Documents You May Need When You Prepare Your 2017 Tax Returns

Are you ready to do your taxes? Before you start, ask yourself the following questions. Your answers will determine which tax documents you may need from UESP to prepare your federal and/or Utah state income tax return.

• Did I withdraw money from my UESP account in 2017?
• Did I roll over money from my account to another 529 plan in 2017?
• Am I a Utah taxpayer who contributed to, withdrew from, or transferred money to a UESP account?

Federal Income Tax Return

If you withdrew money or rolled over money from your account in 2017, UESP is required to issue you IRS Form 1099-Q (Payments From Qualified Education Programs) by January 31, 2018. If the withdrawal was sent to the account’s beneficiary or to an eligible educational institution, the beneficiary will receive Form 1099-Q.

The 1099-Q form reports the total of all withdrawals you made in 2017. You do not need to report the portion that is earnings on your tax return if you used a withdrawal for qualified higher education expenses, such as tuition and fees; required books, supplies, and equipment; computers and internet access; and certain room and board costs.

If you used a withdrawal to pay for nonqualified expenses, the earnings portion is subject to federal income tax as ordinary income. An additional 10 percent federal tax penalty on the earnings portion also may apply. Utah taxpayers will need to return any previously claimed Utah state income tax credit or deduction.

If you do not receive Form 1099-Q, contact UESP. The form is also available online at uesp.org through Account Access.

Utah Income Tax Return

If you are a Utah taxpayer who contributed to, withdrew from, or transferred money to a UESP account in 2017, UESP will issue form TC-675H, Utah Educational Savings Plan Tax Statement for Contributions, Withdrawals and Transfers, to you by January 31, 2018. Use TC-675H to claim Utah state income tax benefits and/or report nonqualified withdrawals, rollovers, and transfers on your 2017 Utah state income tax return.

UESP will also send a copy of your TC-675H form to the Utah State Tax Commission. You do not need to attach your TC-675H to your Utah state income tax return. Keep your TC-675H to substantiate your claim for a tax credit if the Utah State Tax Commission audits you.

If you do not receive a TC-675H, contact UESP. The form is also available online at uesp.org through Account Access.

See the Program Description for more information about the TC-675H as it relates to the Uniform Gifts to Minors Act/Uniform Transfers to Minors Act (UGMA/UTMA) custodial accounts and accounts owned by Utah trusts or corporations.

Send Your Utah Tax Refund to Your UESP Account

Tax season is here. If you are a Utah taxpayer, remember that you can contribute all or a portion of your Utah state tax returns to a Utah Educational Savings Plan account.

When you fill out Utah tax form TC-40, enter the amount of your refund you want to go to your account(s).

Part 5: Voluntary Subtractions from Refund

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Enter the amount of your refund you want deposited into your UESP account(s):</td>
<td>$0.00</td>
</tr>
<tr>
<td>2. Enter the amount of your refund you want applied to your 2017 taxes:</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Total voluntary subtractions (enter the total here and on TC-40, page 2, line 44): $0.00

If you own more than one account, the contribution will be distributed equally among all individual accounts. If you are married and filing jointly, the contribution will be apportioned equally among all individual accounts owned by you and your spouse.

Tax refunds can be contributed to individual accounts only.

And what goes around comes around, as the amount you contribute from your tax refund is eligible for a 5 percent tax credit applied to the tax year when the contribution is made.
Eight Utah students each won a $1,000 college savings scholarship in October 2017 for demonstrating their artistic abilities in the Make Your Mark bookmark contest.

The contest, sponsored by UESP and StepUp to Higher Education, advances awareness about saving for higher education expenses while promoting art, reading and college preparation. It runs during College Savings Month every September, and is in its eighth year.

Kindergarten through third-grade winners were Milo P., a second-grader from Salt Lake City School District; and Sicily P., a third-grader from Alpine School District.

Two sixth-grade students were selected in the 4-6 category: Helena G. from Salt Lake City School District, and Genevieve M. from Davis School District.

Seventh-grader Seth N. from North Star Academy LEA and eighth-grader Eleanor S. from Salt Lake Arts Academy LEA won the 7-8 category.

Two seniors, Isabella B. and Kekoa S., brought home the prizes for grades nine through 12. Isabella attends Granite School District, and Kekoa is enrolled in Washington County School District.

See the winning entries at uesp.org (or my529.org after February 5).

StepUp to Higher Education is an outreach initiative through the Utah System of Higher Education that aims to increase the college participation of Utah students, especially those who may have never considered higher education as a practical option after high school.
Investment Option Performance as of December 31, 2017

<table>
<thead>
<tr>
<th>AGE-BASED INVESTMENT OPTIONS²</th>
<th>Latest Month</th>
<th>Latest Three Months Year to Date¹</th>
<th>One Year</th>
<th>Three Year</th>
<th>Five Year</th>
<th>Ten Year</th>
<th>Since Inception</th>
<th>Inception Date²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age-Based Aggressive</td>
<td>Age 0-3</td>
<td>1.40%</td>
<td>5.80%</td>
<td>22.84%</td>
<td>22.84%</td>
<td>10.21%</td>
<td>13.55%</td>
<td>7.63%</td>
</tr>
<tr>
<td></td>
<td>Age 0-6</td>
<td>1.12%</td>
<td>4.37%</td>
<td>17.56%</td>
<td>18.89%</td>
<td>12.56%</td>
<td>15.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td></td>
<td>Age 0-9</td>
<td>0.72%</td>
<td>3.62%</td>
<td>12.69%</td>
<td>16.05%</td>
<td>10.67%</td>
<td>13.60%</td>
<td>5.48%</td>
</tr>
<tr>
<td></td>
<td>Age 12-15</td>
<td>0.93%</td>
<td>5.61%</td>
<td>22.24%</td>
<td>22.24%</td>
<td>10.74%</td>
<td>15.30%</td>
<td>7.63%</td>
</tr>
<tr>
<td></td>
<td>Age 15+</td>
<td>0.36%</td>
<td>2.05%</td>
<td>7.74%</td>
<td>7.74%</td>
<td>3.78%</td>
<td>4.12%</td>
<td>1.92%</td>
</tr>
</tbody>
</table>

Important Information Regarding Investments in UESP

The performance returns shown in the table above are based on a $10,000 beginning account balance, assuming the money was invested on the first day and held until the last day of each period shown. These returns only reflect the performance returns of a hypothetical $10,000 investment for a particular investment option over the stated period of time reflected in the table, not for individual accounts. Individual account performance will vary based on the timing of the investment, withdrawals (if any), and the account balances. The returns shown above (a) take into account the underlying investment performance for each period; (b) show applicable interest and dividends; and (c) are net of the Administrative Asset Fee charged by UESP during such periods. Beginning on January 1, 2010, and ending on September 30, 2014, the Administrative Maintenance Fee of up to $15 annually was not reflected on the returns. The Administrative Mail Delivery Fee was included in the performance calculations until September 2014. The fee no longer applies to UESP accounts.

For age-based and static investment options, performance returns shown above assume that (a) prior to January 1, 2007, the investment options did not rebalance; (b) beginning January 1, 2007, and ending December 31, 2012, investment options realigned on January 1 of each year to match the target allocations for each investment option in effect at the time; and (c) beginning January 1, 2013, investment returns are based on the aggregate market value of the investment options, which reflect the actual investment realigning that takes place on the birthday of each beneficiary. For these reasons and the reasons stated above, the actual returns in an individual account will not match those shown in the tables.

The age brackets in the age-based investment options were changed on July 14, 2017. On that date, the number of age brackets was increased and the investment allocation for each age bracket was changed. The investment option performance shown in the table reflects the historical performance returns for the corresponding age bracket that existed before July 14, 2017. For more information about the investment allocations for these age brackets and their corresponding age-based investment options, see Part 7 | Investment Information of the Program Description. Past performance does not guarantee future results.

Notes

¹ Year-to-date calculations are based on a calendar year, January 1 to the current month-end date.
² Average Annualized Returns for investment options with an inception date in the past 12 months are cumulative and non-annualized.
³ The inception date is the first date that (a) the investment option was offered and/or received a contribution, or (b) the underlying fund was offered as part of either the Customized Age-Based or Customized Static investment options.
⁴ The age brackets in the age-based investment options shown in the table were changed on July 14, 2017. Investment option performance before this date reflects the returns for the corresponding age bracket that existed prior to July 14, 2017.
⁵ Closed to new investments beginning on July 25, 2011.
⁶ Public Treasurers’ Investment Fund is a pool of money managed by the Utah State treasurer in short-term investments. Closed to new investments as an underlying investment in the Customized Age-Based and Customized Static investment options beginning on July 25, 2011.
### Investment Option Performance as of December 31, 2017

<table>
<thead>
<tr>
<th>STATIC INVESTMENT OPTIONS</th>
<th>Latest Month</th>
<th>Latest Three Months</th>
<th>Year to Date</th>
<th>One Year</th>
<th>Three Year</th>
<th>Five Year</th>
<th>Ten Year</th>
<th>Since Inception</th>
<th>Inception Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity—100% Domestic</strong></td>
<td>1.09%</td>
<td>6.60%</td>
<td>21.61%</td>
<td>21.61%</td>
<td>11.22%</td>
<td>15.58%</td>
<td>8.23%</td>
<td>5.72%</td>
<td>9/20/1999</td>
</tr>
<tr>
<td><strong>Equity—30% International</strong></td>
<td>1.21%</td>
<td>5.72%</td>
<td>22.51%</td>
<td>22.51%</td>
<td>10.30%</td>
<td>13.24%</td>
<td>N/A</td>
<td>10.71%</td>
<td>10/3/2008</td>
</tr>
<tr>
<td><strong>Equity—10% International</strong></td>
<td>1.01%</td>
<td>5.91%</td>
<td>20.53%</td>
<td>20.53%</td>
<td>10.25%</td>
<td>14.34%</td>
<td>8.00%</td>
<td>10.83%</td>
<td>6/21/2013</td>
</tr>
<tr>
<td><strong>70% Equity/30% Fixed Income</strong></td>
<td>0.87%</td>
<td>4.31%</td>
<td>15.92%</td>
<td>15.92%</td>
<td>8.01%</td>
<td>N/A</td>
<td>N/A</td>
<td>9.94%</td>
<td>6/21/2013</td>
</tr>
<tr>
<td><strong>20% Equity/80% Fixed Income</strong></td>
<td>0.38%</td>
<td>1.30%</td>
<td>6.12%</td>
<td>6.12%</td>
<td>3.35%</td>
<td>N/A</td>
<td>N/A</td>
<td>3.84%</td>
<td>6/21/2013</td>
</tr>
<tr>
<td><strong>Fixed Income</strong></td>
<td>0.27%</td>
<td>0.14%</td>
<td>2.79%</td>
<td>2.79%</td>
<td>1.88%</td>
<td>1.49%</td>
<td>3.56%</td>
<td>3.78%</td>
<td>9/20/2002</td>
</tr>
<tr>
<td><strong>Public Treasurers’ Inv. Fund: Utah Res.</strong></td>
<td>0.14%</td>
<td>0.41%</td>
<td>1.41%</td>
<td>1.41%</td>
<td>0.99%</td>
<td>0.81%</td>
<td>1.02%</td>
<td>2.73%</td>
<td>11/3/1996</td>
</tr>
<tr>
<td><strong>Public Treasurers’ Inv. Fund: Non-Utah Res.</strong></td>
<td>0.12%</td>
<td>0.36%</td>
<td>1.24%</td>
<td>1.24%</td>
<td>0.83%</td>
<td>0.63%</td>
<td>0.79%</td>
<td>2.60%</td>
<td>11/3/1996</td>
</tr>
</tbody>
</table>

### CUSTOMIZED INVESTMENT OPTIONS

The information below shows the returns for the following underlying investments and are net of the UESP Administrative Asset Fee. Returns on an account invested in the Customized Age-Based or Customized Static Investment options will depend upon the underlying investment allocation chosen by the account owner. In addition, individual account performance will vary based on the timing of the investments in the investment option, any cash flow in or out of the UESP account during the investment period, and on the balances in the UESP accounts.

### Important Legal Notice

Investing is an important decision. Read the Program Description in its entirety for more information and consider all investment objectives, risks, charges, and expenses before investing. Call 800.418.2551 for a copy of the Program Description or visit uesp.org.

Investments in UESP are not insured or guaranteed by UESP, the Utah State Board of Regents, the Utah Higher Education Assistance Authority or any other state or federal agency. Your investment could lose value. However, Federal Deposit Insurance Corporation (FDIC) insurance is provided for the FDIC-insured accounts. Please read the Program Description to learn about the FDIC-insured accounts.

The state in which you or your beneficiary pays taxes or lives may offer a 529 plan that provides state tax or other benefits, such as financial aid, scholarship funds, and protection from creditors, not otherwise available to you by investing in UESP. You should consider such benefits, if any, before investing in UESP.

UESP does not provide legal, financial, investment, or tax advice, and the information provided in this document does not contain legal, financial, investment, or tax advice and cannot be construed as such or relied upon for those purposes. You should consult your own tax or legal advisor to determine the effect of federal and state tax laws on your particular situation.

**Contact UESP**

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Website: uesp.org  
Mailing Address: PO Box 145100, Salt Lake City, UT 84114-5100

UESP offices are closed for this holiday

President’s Day: Monday, February 19, 2018

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See Notes on page five.

UESP’s historical and monthly returns are available online at uesp.org.