RAYMOND JAMES®

JUNE 2017

INSIDE THIS ISSUE

A Closer Look

MARKET SUMMARY

The three major domestic stock indexes continued to climb in May, extending the trend seen since the November U.S. presidential election. Growth slipped a bit mid-month but picked back up toward the end.

MARKET OUTLOOK

Although equity benchmarks around the world have toyed with record highs in recent months, headwinds remain for continued global growth. Concerns linger around political tensions in North Korea and in Europe as Brexit negotiations begin. At home, investors are waiting for the new federal administration to fulfill expectations on infrastructure spending and tax reform.

MISCONCEPTIONS ABOUT 529 PLANS

Misconceptions About 529 Plans

Just like the kids you're saving college funds for, 529 plans are often misunderstood.

Read on to learn how 529 plans are more flexible than you may think. They can be set up by anyone, for anyone, and used for a variety of education costs at all kinds of institutions, not just typical four-year colleges.

Myth: Only parents can establish a 529 account for a child.
Reality: Anyone can open and contribute to an account for any beneficiary – no age limits or family connections necessary. Often, grandparents open 529 accounts to help fund college for grandchildren (with the added bonus that their assets won't be factored into financial aid calculations and they may even benefit from reduced taxes on their estate).

Myth: Once the child is in college, he or she has control of the 529 account.
Reality: The account owner has – and maintains – control of the assets as long as the account exists.

Myth: Contributions to a 529 plan will limit financial aid opportunities.
Reality: While 529 assets can have an effect, it isn't as significant as the impact of some other educational savings tools. Since 529 assets are under control of the account owner (not the beneficiary), they're assessed at a maximum rate of 5.64% when determining expected family contribution (part of the financial aid formula). In comparison, investment assets in the student's name, such as UTMA/UGMA accounts, are assessed at 20%.

Myth: I have to invest in the plan sponsored by the state where I live.
Reality: You can invest in any state's 529 plan, but look at what your state's plan offers first since some provide state tax breaks and other benefits to residents. Plans offered by other states may not provide these same benefits.

Myth: If I invest in a 529 plan, the beneficiary is limited to attending a public, four-year university.
Reality: Funds can be used for qualified expenses at eligible educational institutions in the U.S. and even some abroad, including private or public colleges, universities, and technical or vocational schools that qualify for federal financial aid. Check the Department of Education's website (fafsa.ed.gov) and click School Code Search to find qualifying institutions.

Myth: If it turns out the beneficiary doesn't go to college or receives a scholarship, all the money I've invested is lost.
Reality: Since the owner – not the beneficiary – controls the account, you can change who receives the funds to any eligible family member. Another, although less attractive, option is to take a nonqualified withdrawal. Earnings are then subject to the usual taxes and a 10% penalty (penalty waived in the instance of a scholarship).

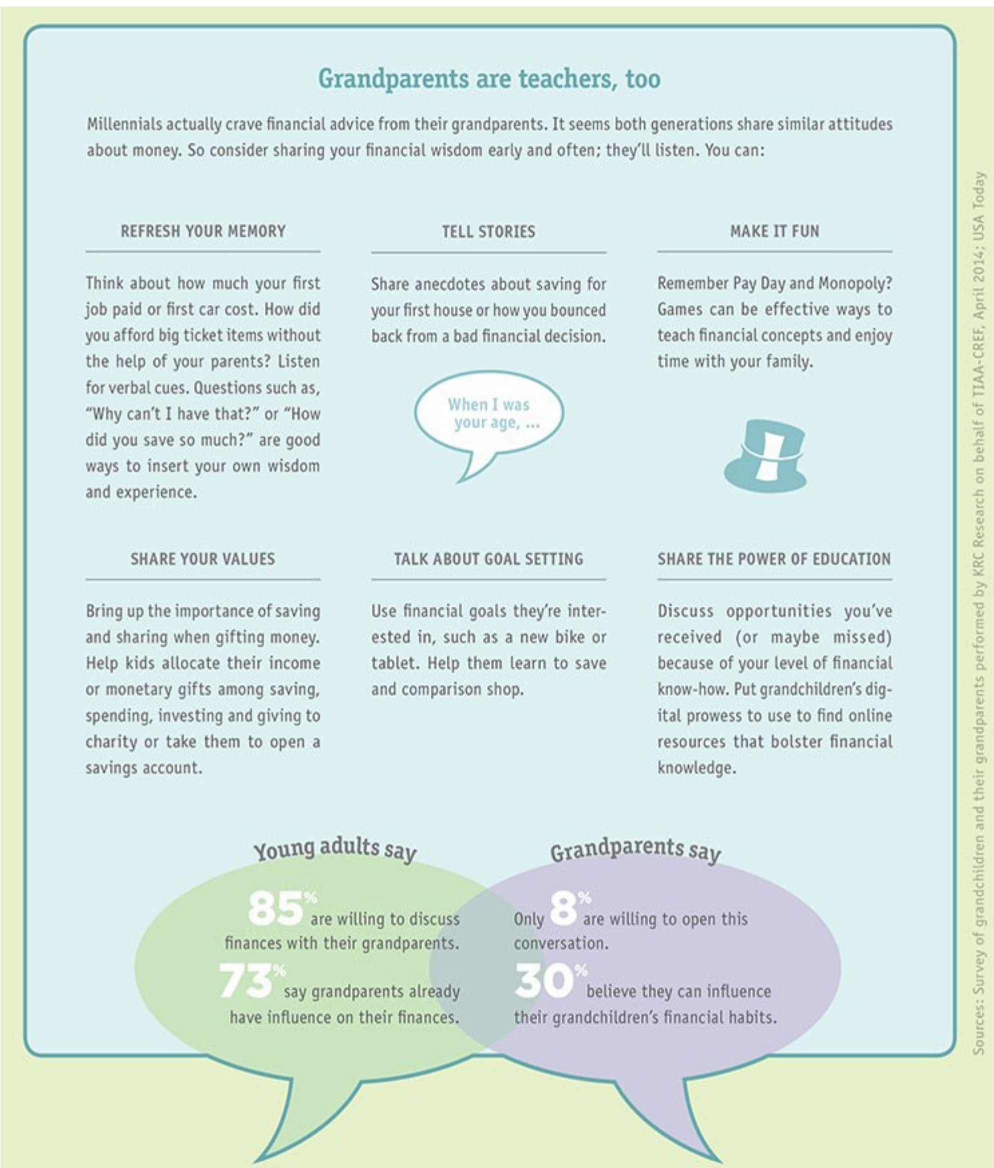
Myth: I can't participate in a 529 plan because my income is too high.
Reality: Anyone can invest. There is actually no income limit to establish or contribute to a 529 plan.

Earnings in 529 plans are not subject to federal tax and, in most cases, state tax, so long as you use withdrawals for eligible college expenses, such as tuition and room and board. However, if you withdraw money from a 529 plan and do not use it on an eligible college expense, you generally will be subject to income tax and an additional 10% federal tax penalty on earnings. Changes in tax laws or regulations may occur at any time and could substantially impact your situation. You should discuss any tax or legal matters with the appropriate professional.

Source: Raymond James—Point of View

GRANDPARENTS ARE TEACHERS, TOO!

Surprisingly, millennials and their grandparents share similar attitudes about money. Consider these ways to impart financial wisdom early and often.



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Source: Raymond James—Point of View

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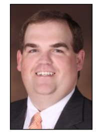

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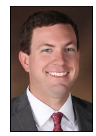

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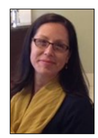

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