



# NextGen College Investing Plan<sup>®</sup>

## Maine Employer Tool Kit - Frequently Asked Questions

### What is NextGen<sup>®</sup>?

The NextGen College Investing Plan is Maine's Section 529 Plan, with special benefits for Maine residents, that thousands of families use to help plan and pay for higher education. Withdrawals, including any earnings from a NextGen account, are federal and Maine state income tax-free, when used for qualified higher education expenses.<sup>1</sup>

### What can a NextGen account be used for?

NextGen account funds can be used to pay for qualified higher education expenses (as defined in the Internal Revenue Code) at any U.S.-accredited post-secondary school eligible to participate in federal student assistance programs, which may include graduate schools, trade schools, and some foreign institutions that participate in federal financial aid programs. This includes two-year degrees (Associate's), four-year degrees (Bachelor's) and some certificate programs.

### Who can open a NextGen account?

Any U.S. resident aged 18 and older may open a NextGen account on behalf of any future student. For example, a parent or grandparent can open an account on behalf of a child or grandchild. Adults can even open an account for themselves to start or continue their own education.

### How do I open a NextGen account?

- You can open a Client Direct Series account online. Learn more at [NextGenforME.com](http://NextGenforME.com). Help is available via online chat and by phone. Or, you can request a paper enrollment kit.
- OR see your financial advisor to open a Client Select Series account.
- Start your account with...
  - As little as \$25 in the Client Direct Series or \$50 in the Client Select Series and receive a one-time **\$200 Initial Matching Grant** which is available for eligible Maine accounts.<sup>2</sup>
  - OR if your beneficiary is eligible for the **\$500 Harold Alfond College Challenge Grant**<sup>3</sup>, no initial contribution is required to open the account.

### Are there other grants available?

**Yes!** The **NextStep Matching Grant** provides a 50% match on contributions, **up to a \$300 match per year** to eligible Maine accounts. There is no lifetime maximum. The **Automated Funding Grant** is a one-time **\$100 grant** for eligible Maine accounts that make at least six consecutive contributions through an automated funding option such as payroll deduction or a checking or savings account.<sup>2</sup>

<sup>1</sup> To be eligible for favorable tax treatment afforded to any earnings portion of withdrawals from Section 529 accounts, such withdrawals must be used for "qualified higher education expenses," as defined in the Internal Revenue Code. Any earnings withdrawn that are not used for such expenses are subject to federal income tax and may be subject to a 10% additional federal tax as well as state and local income taxes.

<sup>2</sup> A Maine account is a NextGen account with either a Participant or Beneficiary who is a Maine resident. See Grant Terms and Conditions for other conditions and restrictions that apply at [NextGenforME.com](http://NextGenforME.com).

<sup>3</sup> Children born as Maine residents since January 1, 2013 or who are Maine residents at account opening and under the age of one are eligible for the Alfond Grant. See Guidelines at [500forbaby.org](http://500forbaby.org).

*NextGen is a Section 529 plan administered by the Finance Authority of Maine (FAME). Before you invest in NextGen, request a NextGen Program Description from your Maine Distribution Agent or Merrill Lynch financial advisor, or call Merrill Edge at (877)463-9843 and read it carefully. The Program Description contains more complete information, including investment objectives, charges, expenses and risks of investing in NextGen, which you should carefully consider before investing. You also should consider whether your or your designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's 529 plan. Merrill Lynch, Pierce, Fenner & Smith Incorporated, a registered broker-dealer, Member SIPC, is the program manager and underwriter.*