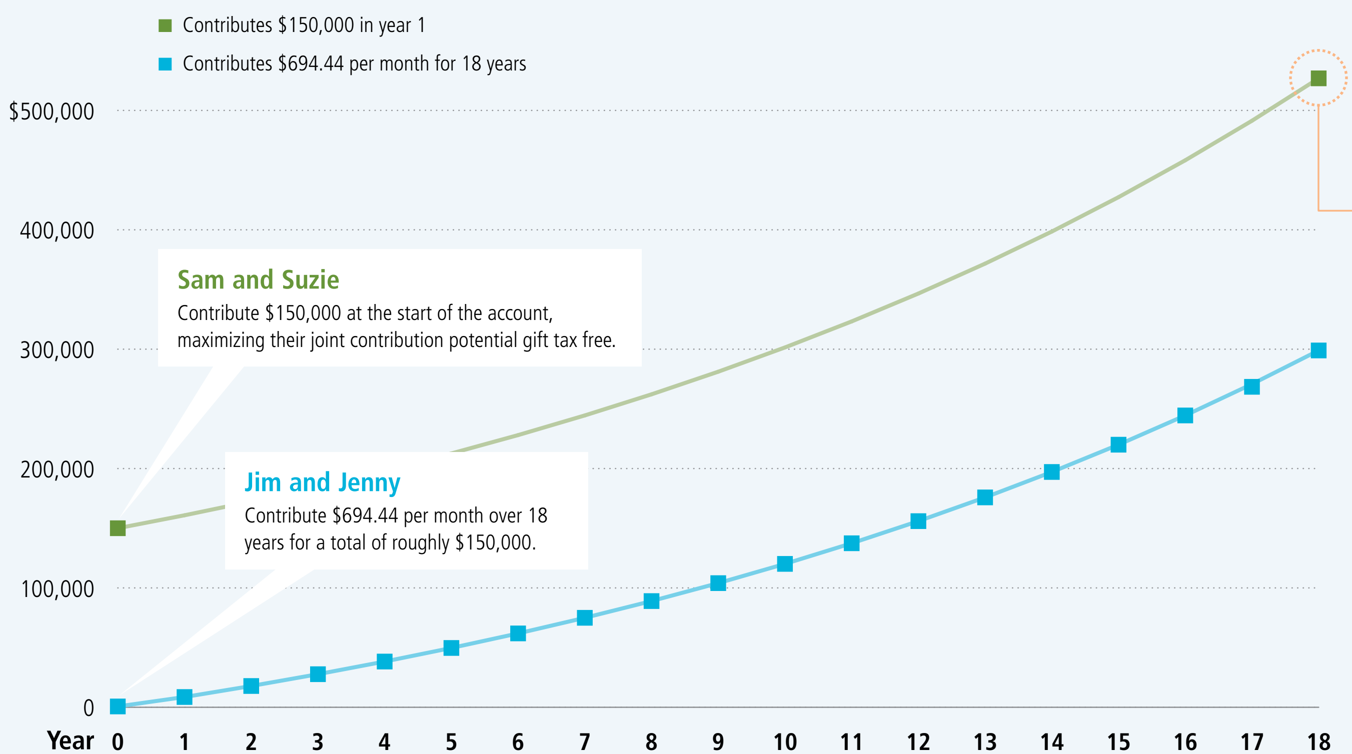
The power of 529 gifting

John Hancock INVESTMENTS

JOHN HANCOCK FREEDOM 529 OFFERED BY EDUCATION TRUST OF ALASKA

Many families are taking advantage of a gifting feature unique to 529 education savings plans that helps account owners maximize the market's compounding potential. Parents and grandparents can make five years' worth of contributions in a single year—up to $75,000 ($150,000 for couples filing jointly) per child or grandchild—without triggering federal gift taxes.[1] When made at the start of the account, a large lump-sum gift may be the most cost-effective way to save.

Maximizing a 529 plan's gifting limit early may help your account go further



Total contribution		Investment gains		Total
$150,000	+	$376,881	=	$526,881
$150,000	+	$149,113	=	$299,113

By putting the money to work early through the help of 529 gifting, Sam and Suzie's account grew $227,768 more than Jim and Jenny's over the same timeframe.

1 For 2018. 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.

The donor must elect that the gift be treated as having occurred over a five-year period in order for it to qualify for the federal gift tax exclusion. If additional gifts are made to the same beneficiary during this five-year period, a federal gift tax may apply. If the donor dies within this five-year period, a pro rata share will be included in the donor's estate for federal estate tax purposes. State gift and estate tax laws may vary.

Source: John Hancock Investments, 2018. 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 $150,000 and a monthly contribution of $694.44 are invested for 18 years at a hypothetical compound annual growth rate of 7%, accrued monthly.

John Hancock Freedom 529 plan is a powerful way to save

TAX ADVANTAGES	■ **Your account can accumulate and compound tax free[1]—**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[2]—**Seven states—Arizona, Arkansas, Kansas, Minnesota, 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.
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 $475,000 in total contributions.[3]
	■ **You can take advantage of special gifting flexibility—**You can make five years' worth of contributions in a single year—up to $75,000 ($150,000 for couples filing jointly) per beneficiary—without triggering federal gift taxes.[1] 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, as well as K through grade 12—**Unlike prepaid tuition plans, 529 plan proceeds can be used at any accredited college to pay for tuition, fees, room and board, computers, books, and other qualified expenses. Plus, you can now use your 529 plan to pay for your child's primary and secondary private school education (of up to $10,000 per year in tuition only).
	■ **You can get in-state tuition in Alaska—**As a John Hancock Freedom 529 account holder or beneficiary, you may qualify for in-state tuition at the University of Alaska, regardless of the state you live in. To qualify, you need to hold your account for at least the two years immediately preceding enrollment.
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 you decide not to use it for your child's education or if there is money left over.
	■ **Creditor protection—**Alaska state law protects assets invested in the plan from claims by creditors of the account owner and beneficiaries, in most cases.[4]
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's 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.

2 Consult your financial, tax, or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. **3** Contributions cannot cause the account balance to exceed $475,000 per beneficiary. **4** Each account is designed to be protected from the claims by creditors of the account holder and beneficiary, with the exception of contributions made to accounts after being in default of child support obligations for 30 days. Please refer to the Plan Disclosure Document for more information.

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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 state benefits it offers, such as financial aid, scholarship funds, and protection from creditors, 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 education savings plan to learn more about their features. **Please contact your financial advisor 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.**

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