JOHN HANCOCK FREEDOM 529 OFFERED BY EDUCATION TRUST OF ALASKA

Offering a new benefit for your employees' future

As an employer, you know how important it is for employees to save for their future. But what about their children's future? **By offering John Hancock Freedom 529, you help ensure that your employees can make regular after-tax contributions to their children's accounts.** All contributions to a 529 account grow tax free[1] and, if used for qualified education expenses, can be withdrawn without paying federal income tax on the earnings. Setting up a plan is easy—it won't cost you anything and paperwork is minimal.

Getting started

There are two options for setting up employer-sponsored contributions—you can set up individual Automated Clearing House (ACH) contributions for each employee or employees can set up automatic purchase through their bank account.

Payroll deduction through individual ACH contributions

- Employer completes employer-sponsored payroll deduction form to generate an employer code
- Employees complete new account agreement form and work with an advisor to determine investment allocations
- John Hancock Freedom 529 provides employees with instructions on how to set up payroll deduction with employer
- Employer establishes an ACH for each employee contribution

Bank ACH contributions

- Employer completes employer-sponsored payroll deduction form to generate an employer code
- Employees complete new account agreement form, select automatic purchase, include employer code, and work with an advisor to determine investment allocations

What are the benefits?

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- Provides another great benefit to your employees at no cost to you
- Eliminates the paperwork of mailing a roster list for employee contributions

Employee benefits

- Provides payroll deduction as an easy way to save for education
- Employees can make regular, consistent contributions to their accounts, which will grow tax free[1]
- Participants won't be charged the annual $15 account maintenance fee and can invest a minimum of $50 per account per month
- All purchases can be made at net asset value if your company meets one of the below:
  - has 100 or more total employees, or
  - has an average qualified retirement plan account balance of $10,000 or more, or
  - sponsors a 401(k) program offered by a John Hancock company.

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 education expenses. Since the earnings aren't taxed, your savings can accumulate faster than in a taxable account.
- **Your contributions may qualify for a tax deduction[2]—**Nine states—Arizona, Arkansas, Kansas, Maine, Minnesota, Missouri, Montana, Ohio, and Pennsylvania—allow you to deduct some or all of your contributions to the John Hancock Freedom 529 plan on your state income-tax return.

Flexibility

- **Anyone can invest—**Parents, grandparents, and other relatives and friends can all contribute on a child's behalf. There are no income or age limits for contributors. Each account can accept as much as $550,000 in total contributions.[3]
- **You can take advantage of special gifting opportunities—**Make five years' worth of contributions in a single year—up to $95,000 ($190,000 for couples filing jointly) per beneficiary—without triggering federal gift taxes.[4] Contributions directly reduce the value of your taxable estate, providing potential estate planning advantages.
- **You can use it anywhere—**529 plan proceeds may be used at any accredited college or trade school and qualified apprenticeship programs to pay for tuition, fees, room and board, and other qualified expenses. You may also 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). Account owners may also withdraw up to $10,000 (lifetime limit) tax free for payments toward qualified education loans.[5] Additionally, up to $35,000 can be rolled over to the beneficiary's Roth IRA.[6]
- **You can get in-state tuition in Alaska—**Your beneficiary may qualify for in-state tuition at the University of Alaska—regardless of the state the beneficiary lives in—as long as the account was established at least 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's 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.[7]

Diversification

- **You can benefit from a deeper level of diversification—**Jointly managed by John Hancock Investment Management 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 financial professional

Talk to your financial professional today about the benefits of saving for education with the John Hancock Freedom 529 plan.

1 State tax laws and treatment may vary. Earnings on nonqualified distributions will be subject to income tax and a 10% federal penalty tax. Please consult your tax advisor for more information. **2** Consult your financial, tax, or other professional 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 $550,000 per beneficiary. **4** For 2025. 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. **5** Consult your financial, tax, or other professional to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. Some states do not consider 529 withdrawals for primary and secondary school education, student loan repayments, and apprenticeship costs to be qualified withdrawals and, therefore, the investor may be subject to penalties. The $10,000 qualified education loan limit is a lifetime limit that applies to the 529 plan beneficiary and each sibling. Any student loan interest paid for with tax-free 529 plan earnings is not eligible for the student loan interest deduction. **6** Roth IRA rollovers are limited to the annual Roth maximum contribution limit and aggregate lifetime limit of $35,000. Other restrictions apply. Please consult your tax advisor for more information. **7** 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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