Where to Invest Your College Money

Get a head start on your kids' education kitty and you'll meet the challenge of paying tomorrow's tuition bills.

In partnership with

Investor Protection Trust

Investor Education in Your Community

Investor Protection Institute

By the Editors of
Kiplinger's Personal Finance

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About the Investor Protection Trust

The Investor Protection Trust (IPT) is a nonprofit organization devoted to investor education. More than half of all Americans are now invested in the securities markets, making investor education and protection vitally important. Since 1993 the Investor Protection Trust has worked with the States and at the national level to provide the independent, objective investor education needed by all Americans to make informed investment decisions. For additional information, visit www.investorprotection.org.

About the Investor Protection Institute

The Investor Protection Institute (IPI) is an independent nonprofit organization that advances investor protection by conducting and supporting unbiased research and groundbreaking education programs. IPI carries out its mission through investor education, protection and research programs delivered at the national and grassroots level in collaboration with state securities regulators and other strategic partners. IPI is dedicated to providing innovative investor protection programs that will make a meaningful difference in the financial lives of Americans in all walks of life and at all levels of sophistication about financial matters. For additional information, visit www.iInvest.org.

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Kiplinger's PERSONAL FINANCE MONEY SMART LIVING

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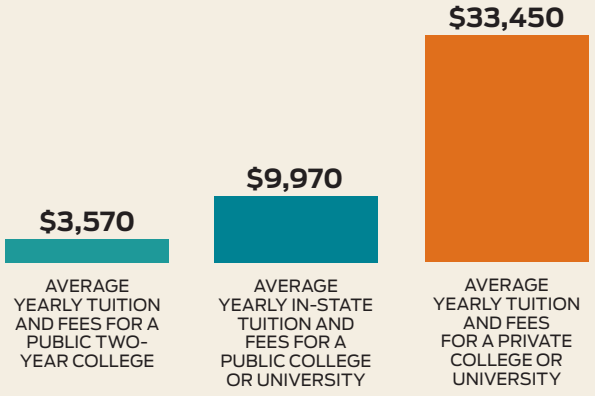
Saving for college is an important financial task

Saving for your children's college education is one of the most important financial tasks you will ever undertake, and it is also one of the most challenging. The price of a year at a public college has outpaced inflation for several decades, reaching an average total in-state cost of more than $20,700 in 2017–18. Costs at private institutions have exceeded inflation as well, with the average approaching $45,000. At some private colleges, the cost of a single year tops $60,000.

The tab is going to keep rising, too. Think about it: If college costs increase 5% a year (about the pace in the past few years), in 17 years today's infant will face a first-year in-state cost of more than $47,000. To cover four years, you'd need over $220,000.

COSTS OF COLLEGE

Tuition and fees are only a part of your overall college costs (room, board, books and fees add up to your total costs). Figures shown here are from the College Board and are for the 2017–18 school year.



How to Meet the Challenge

Saving that much sounds like a formidable task, but don't get discouraged. The long time frame also gives you a chance to start early and let your money grow, ideally at a rate that outpaces college inflation. For instance, if you invest $200 a month for the 17 years before your child enters college and your investments return 7% each year, you would end up with almost $78,000, enough to cover the first two years of in-state college.

And if you save more than $200 a month as your income rises, and your investments keep earning at an average rate of 7% a year, your college kitty will grow faster. Throw in the occasional windfall and maybe your student's summer earnings (after all, saving for college is a team effort) and covering college out of pocket becomes a realistic goal.

What if you start late or have more than one child or can't afford to save $200-plus every month? Save what you can. Having some college money, even if not the full amount, gives you a foundation on which you can build during the college years, perhaps with current income.

And there's a good chance you won't have to come up with all the money, thanks to financial aid. Federally sponsored loans—including federal direct loans (also known as Staffords) and the parent equivalent, PLUS loans—are generally easy to get and offer good terms, including flexible repayment programs.

You have to know where to invest your money

You don't need to worry that your savings will prevent you from qualifying for federal financial aid. Under the formula that calculates your eligibility, you are expected to kick in up to 5.6% of your assets annually, a relatively painless hit (students are expected to contribute 20% of their savings to the cause each year). And a portion of your assets is exempt from the college-contribution formula—the amount sheltered is based on your age or that of your spouse, depending on who is older.

The Basics of Investing

Before you can start building your college fund, you have to know where to invest your money. Your choices fall into three broad categories: stocks, bonds and cash. You can buy individual stocks or bonds through a broker or gain instant diversification and professional management by selecting mutual funds that invest in stocks and bonds. "Cash" generally refers to savings accounts, money-market funds and other low- or no-risk, easy-to-access investments.

Stocks. In general, stocks have outperformed all other investments by a big margin over long periods of time. But the decade of 2000–09 was an exception. It was the first time since the Great Depression that stocks lost money over a ten-year period, following double-digit annual returns during the 1980s and 1990s. Of course, not every investor lost money in the first decade of the new century. Those who diversified into other investments, particularly bonds and foreign stocks, generally earned positive returns, and those who invested in stocks gradually over that ten-year period exhibited better results than the overall market's performance suggested. At any rate, since 1926, the stocks of large companies have produced an average annual return of nearly 10% (including the lows during the Great Depression, the 2000–02 stock slide that followed the collapse of the Internet bubble, and the financial crisis of 2007–09).

> Since 1926, the stocks of large companies have produced an average annual return of nearly 10%, including during the recent financial crisis.

When you buy a stock, you are purchasing an ownership share in the company that issues it. If the company performs well, you reap the rewards as share prices increase. If the company performs poorly, the value of the stock declines. Some stocks pay dividends, which are profits the company distributes to its shareholders.

Stocks are divided into categories based on the size or type of company. Some of these categories are riskier than others.

Growth stocks. These include shares of companies with good prospects for growing faster than the overall economy or the stock market in general. Although their share prices are expected to go up over the long term, they may involve moderate-to-high risk in the short run.

Blue-chip stocks. Although you won't find an official blue-chip stock list, this category includes industry-leading companies (such as the 30 stocks that form the Dow Jones industrial average, a major performance measure of the U.S. stock market) that tend to have stable earnings, pay dividends and offer less risk than stocks of less-established companies. They should form the core of your retirement portfolio.

Income stocks. These companies pay out a larger portion of their profits in the form of quarterly dividends than other stocks. They tend to be mature, slower-growth companies. As long as the companies keep up their distributions, the dividends paid to investors make these shares less risky to own than the risks involved in many other stock categories.

Cyclical stocks. The fortunes of these companies, which include such industries as airlines, homebuilders and chemical companies, tend to rise and fall with the economy, prospering when the economy is on the upswing and suffering in recessions.

Small-company stocks. Shares of small companies are riskier than blue-chip or income stocks. As a group, their long-term average returns have been high, but those long-term returns come at a price: short-term volatility.

Foreign stocks. Adding a dash of international flavor to your retirement portfolio through foreign-stock mutual funds can increase its diversification and returns because international markets tend to perform differently than the U.S. stock market. Foreign stocks are subdivided into developed markets, which are established and less risky, and emerging markets, which are faster-growing and more volatile.

Bonds. A bond is an IOU issued by a corporation or a government. When you buy a bond, you are making a loan to the issuer. In return, the company or government agrees to pay you a fixed amount of interest, usually twice a year, until the bond matures. At that point, you are paid the bond's face value. For example,

Funds are especially well suited to beginners

let's say you buy a $10,000 bond with a 4% interest rate (called the coupon rate). Each year, you would receive $400 in interest in two, $200 installments and, at maturity, you'd get back your $10,000. You can sell the bond to another investor before it matures.

But bonds aren't without risk—mainly from interest rates. The bond market thrives when interest rates fall. For example, a bond paying 5% interest that was issued last year will be more valuable today if new bonds are paying only 4%. So if you paid $1,000 for your bond, you could probably sell it at a premium. For example, your $1,000 bond might be worth $1,250 to another investor. That's because an investor would have to invest $1,250 at 4% to earn as much interest as you're earning on your $1,000 investment at 5%.

But the reverse is also true. When interest rates rise, bond values drop. You could lose money if you had to sell lower-yielding bonds. For example, if you bought a 30-year bond yielding 5% and new bonds jumped to 6%, your bond would be worth about $833. But if you held the bond to maturity, such price swings wouldn't matter. You'd still earn 5% annually and you would receive the full value of the bond when it came due.

Over the long term, the performance of both corporate and government bonds has lagged the stock market. But if stocks are too unsettling for you, or if you have eight or fewer years until your child reaches college age, you will want to add bonds or other fixed-income vehicles to reduce the risk level of your portfolio. Some college investment programs adjust the mix automatically, according to your child's age. (See page 7 for details on age-based portfolios.)

Although investing a portion of your assets in bonds may reduce your overall rate of return, the additional diversification and safety will make for a smoother ride as college approaches.

Mutual funds. Mutual funds offer a combination of services that are ideal for many investors. They are especially well suited to beginning investors who worry about their ability to select appropriate stocks or bonds and who could benefit most from professional management. But even experienced investors can benefit from what mutual funds have to offer: instant diversification, automatic reinvestment of earnings and easy-to-monitor performance.

A mutual fund pools money from many investors and buys a portfolio of stocks, bonds or a mix of both designed to achieve a specific investment goal. The fund might own a selection of well-established blue-chip stocks, small-company stocks, foreign stocks and bonds, or a host of other investment types or combinations. Each fund's goals and other details are spelled out in its prospectus—a helpful document you should read before investing.

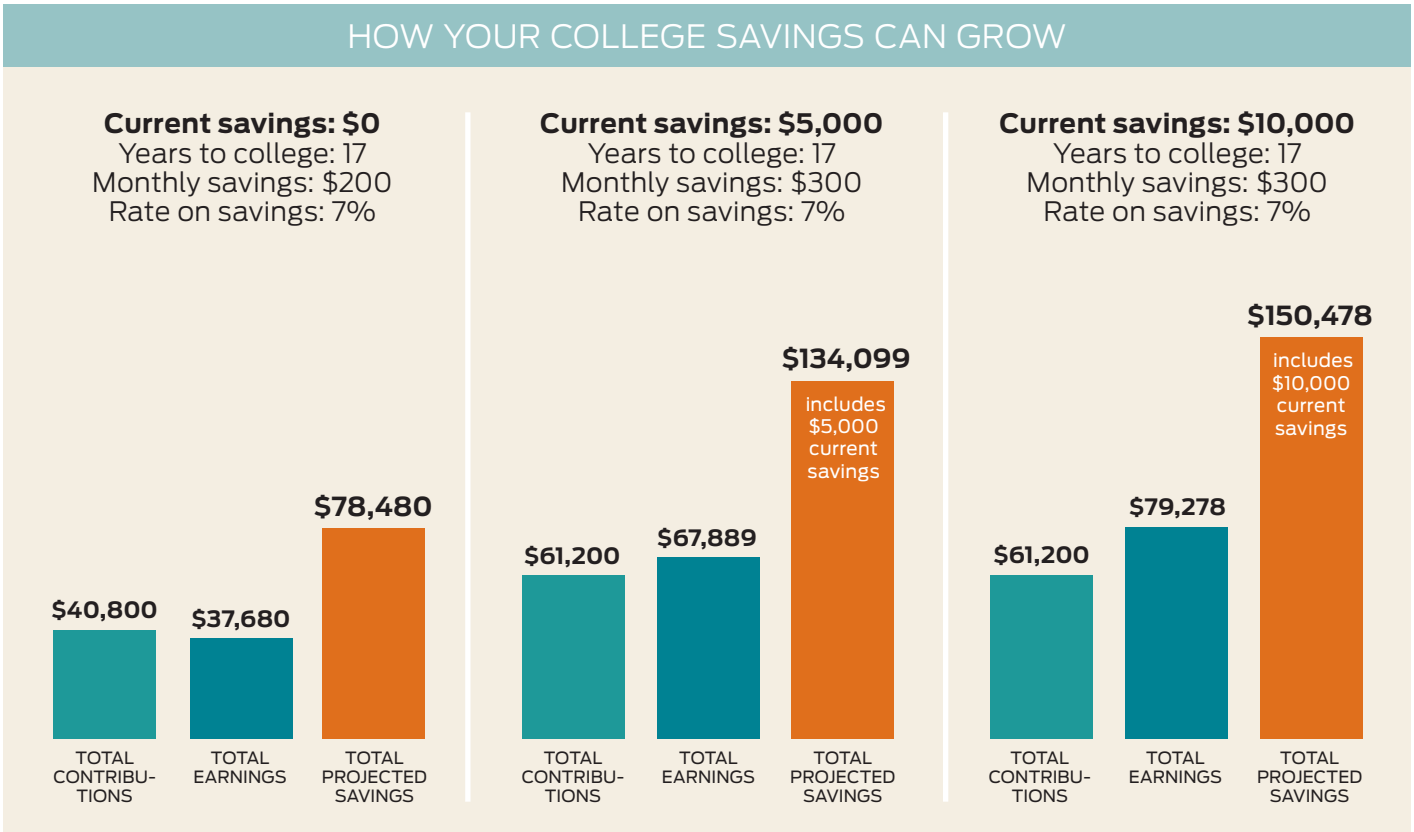
The categories used to describe mutual funds indicate the kinds of investments they make. For your portfolio, concentrate on the fund types whose objectives

and willingness to take on risk match yours. For example, aggressive-growth funds take the biggest risks by purchasing shares of fast-growing companies, by trading rapidly or by engaging in other risky strategies; international funds invest in shares of companies based outside the U.S.; and balanced funds balance their portfolios between stocks and bonds.

Because the rate of return on your money needs to at least keep up with the rate of college inflation, you should start with a significant amount of your savings in stock mutual funds (at least 50%), assuming that you have eight or more years until your child starts college.

Investing in a 529 Savings Plan

These state-sponsored investment accounts, named after the section of the tax code that gives them tax-favored status, let you shelter your college savings from federal (and usually state) income tax. You don't get a federal tax deduction for your contributions to



SOURCE: FinAid

You may get a tax break for your 529 savings

the account, but your investments grow tax-free, and the earnings escape tax altogether if you use withdrawals to pay for qualified educational expenses—such as tuition, fees, room and board, and textbooks.

If your child decides not to go to college, you can switch the account to another family member, such as a sibling, and preserve the tax benefit. If your children opt out of going to college altogether, you can cash in the account and use the money for whatever you want, but you'll owe tax and a 10% penalty on the earnings.

Depending on where you live, you may also get a state tax deduction or tax credit as a reward for your contribution to these qualified tuition programs. About two-thirds of the states and the District of Columbia allow you a state tax deduction or other tax benefit as an incentive to save for college. Arizona, Kansas, Missouri and Pennsylvania even give you a deduction if you contribute to a plan in another state, and a number of states let you take a deduction on contributions you make to someone else's account, perhaps as a gift to a grandchild. In Virginia, account owners themselves can take a deduction on contributions made by someone else, such as a grandparent.

As for your investment choices, they include stock mutual funds, bond mutual funds, a mix of stocks and bonds, and such risk-averse investments as certificates of deposit and money-market funds. Once you select the portfolio you want, an investment firm chosen by the state manages the investments for you. You can switch portfolios within the plan or transfer the money to another 529 account no more than once a year.

Unlike other education-savings programs, 529s let you participate no matter how much you earn, and the states set generous limits on total contributions—in many cases more than $300,000. You make your contributions, starting with as little as $25 or $50, by check, through a payroll deduction or via automatic withdrawal from your bank account.

> You make your contributions (as little as $25) to 529s by check, through a payroll deduction or via automatic withdrawal from your bank.

You can set one up for your child or grandchild or, for that matter, anyone you wish to help. Grandparents and friends can kick into the account as well. You can even set one up for an unborn child by naming yourself as beneficiary and later changing the designation to a child or grandchild. If you change beneficiaries from one sibling to another, there is no tax impact, but if you change to a beneficiary in a younger generation (as would be the case if you switched from yourself to a grandchild), the amount is subject to federal gift-tax

rules. Anyone, however, can contribute up to $15,000 each (or $30,000 per couple) annually to any number of beneficiaries' accounts before worrying about the federal gift tax; those limits may increase in the future. You can also give up to $75,000 ($150,000 for couples) in a single contribution and spread the gift over five years without triggering the tax. Gifts over those limits require that you file a gift-tax return, but very few taxpayers have to actually pay the tax.

Which plan is best? If you live in one of the states that offer a deduction or a tax credit, your savings on taxes likely will overcome any shortcomings of your state's 529. If you don't get a tax benefit from your state, shop around; most state plans are open to residents and nonresidents alike. Look for programs that have plenty of investment options, and compare administrative and management fees, which vary widely. To find links to plans in your state, visit www.savingforcollege.com.

You'll likely have a choice of two kinds of accounts: those that you invest in directly and those that you can purchase only through advisers or brokers. Broker-sold plans tend to be more expensive than direct-sold plans because they carry sales charges as well as management fees, but they also offer more investment options. Still, you can find a decent investment selection in a direct-sold plan, and the lower expenses mean that more of your money will go toward building the college fund.

Most plans—either broker-sold or direct-sold—offer at least one age-based portfolio, which invests mainly in stocks in the early stages, shifts to a mix of stocks and bonds in the middle years, and moves to low-risk, liquid investments such as cash and short-term bonds as the student approaches college age. The aim is to maximize returns early on to take advantage of growth and to reduce the risk that you'll be forced to sell in a declining market when you need the money.

Whether or not you use an age-based fund, the approach is the same: Start with stocks when your child is young and begin to reduce your risk by the time he or she enters high school. You don't need to bring your investment mix down to 50% stocks and 50% bonds the very day your child starts his or her freshman year of high school, and you shouldn't if the market has just suffered a big drop because you would most likely be forced to sell stocks at low prices. But that's the right time for you to begin looking for a good opportunity to sell some stocks and buy bonds.

Only state residents can join most prepaid plans

Locking In Tuition With a Prepaid Plan

Prepaid tuition plans let you buy tuition at a state college or university years before your child is ready to attend. That can be an attractive idea when tuition is going up faster than the rate of return you're likely to make on your investments (obviously, it's not so great when the reverse is true). One thing is certain: The plans give you the satisfaction of knowing that the college bills will be covered down the road.

Prepaid plans come in three varieties: contract plans, in which you pay upfront to cover tuition and fees for a semester or a year; unit plans, in which you buy units equal to a portion of the average annual tuition and fees at your state's public institutions; and voucher plans that sell certificates you redeem for a percentage of tuition or fees at participating public institutions. Contract plans are the most common. Massachusetts is the only state to offer a voucher plan; the Private College 529 Plan (once known as the Independent 529 Plan) offers a comparable voucher program for about 300 participating private institutions.

With most prepaid plans, only state residents are eligible to participate. Typically, you pay a lump sum upfront or pay over time in installments. You must usually buy in to a prepaid plan at least three years before your student will be ready to enroll. States typically charge somewhat more than that year's tuition and fees to ensure that they have enough money in reserve to cover future costs. If your child ends up going to school beyond state borders or to a private school, the plans let you apply the value of your account (usually a weighted average of the costs at the in-state public universities) to that school. You can also take a refund, which may include a small amount of interest. Check with the plan for details.

State-sponsored prepaid programs are not for everyone—literally. Only a small percentage of states offer programs at all, and some are closed.

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Other Tax-Favored Ways to Save

Coverdell Education Savings Accounts. These accounts give you both more and less flexibility than 529 savings plans. You can set them up for your child or children under 18 at any participating bank, mutual fund company or brokerage firm. Anyone can contribute to the accounts, but the total amount for each child cannot exceed $2,000 a year.

As with 529 savings plans, you don't get a federal tax deduction on contributions to Coverdells, but your

529 INVESTMENT MIX BASED ON AGE

money grows tax-free, and you avoid tax on the earnings if you withdraw the money for qualified educational expenses. But with Coverdells, the term "qualified" covers a broader range of expenses, including private elementary and high school tuition. If you don't use the money for qualified expenses, or if you don't tap the account by the time the child turns 30, you must pay tax and a 10% penalty on the earnings. In either case, you can retrieve your contributions tax- and penalty-free.

Most families are eligible to contribute to a Coverdell. You qualify if you have a modified adjusted gross income of less than $110,000 as a single filer, or less than $220,000 if you're married filing jointly. (You can work around the income limits by establishing a custodial account for your child and using the money to contribute to the child's Coverdell.)

Roth IRAs. With this retirement savings account, your contributions can serve a dual purpose. The Roth allows you to take out your contributions at any time, tax- and penalty-free, so you could tap that money for college expenses.

Here's how it works: A husband and wife can each contribute a certain amount—in 2018, up to $5,500 annually ($6,500 if you're 50 or older). Say you and your spouse start out on this path with a newborn. You would contribute $198,000 over 18 years. That sum could then be tapped for college bills or left to

TAX CREDITS FOR HIGHER EDUCATION

These tax benefits put the money you spend on qualified educational expenses back in your pocket. You have to choose which benefit to claim because you cannot use the same expenses to claim more than one benefit (see Publication 970 at www.irs.gov).

American Opportunity Credit. This credit is available for expenses incurred by students who attend college at least half-time during their first four years of undergraduate education. It replaces (at least temporarily)—and improves upon—the Hope credit, which was available for only the first two years of higher education. (A tax credit is a dollar-for-dollar reduction of your tax liability.)

A parent, spouse or student who is not claimed as a dependent can take a federal income-tax credit equal to 100% of the first $2,000 spent on qualified education expenses—tuition, fees and textbooks—and 25% of the next $2,000, for a total credit of $2,500 for each qualifying student. If the credit more than wipes out your tax liability for the year, you'll get a refund check from the IRS for up to $1,000 for each qualifying student.

Married couples filing jointly qualify for the full credit with a modified adjusted gross income of $160,000 or less, and single filers qualify with an income of $80,000 or less. The credit phases out completely at $180,000 for married couples and $90,000 for single filers.

Lifetime Learning. With this credit, you can claim 20% of your out-of-pocket costs for tuition, fees and books, up to $10,000, for a total of $2,000. Unlike the American Opportunity and Hope credits, the credit is not limited to undergraduate educational expenses, nor does the credit apply only to students attending at least half-time. You can claim the credit for yourself, your spouse or your dependent up to $2,000 per family each year.

For 2018, you qualify for a credit if your modified adjusted gross income is no higher than $132,000 for married couples filing jointly or $66,000 for single filers. Couples get the full credit at $112,000; singles at $56,000.

continue growing for retirement. The earnings on those contributions (another $246,000 in this example assuming the accounts grow at 8% per year) could be withdrawn penalty-free if you use them to pay college bills (but tax would still be due if you are under age 59½ at the time of the withdrawal). Or earnings could continue to grow inside the account and be withdrawn tax-free when you retire.

> Custodial accounts let you set aside money or other assets in trust for your minor child. You manage the account until he or she turns 18 or 21.

Note that there are income limits for contributing to Roths. For instance, in 2018, the ability to contribute begins to phase out at modified adjusted gross incomes of $189,000 for married couples filing jointly and disappears entirely at $199,000. The income phaseout range for singles is $120,000 to $135,000.

U.S. savings bonds. Series EE bonds, issued at a 50% discount off face value, and I-bonds provide a safe, tax-favored way to save for college, but they alone won't help you meet your investment goals. EE bonds issued in late 2018 earned a fixed 0.10%, much less than the 5% to 6% college inflation rate; I-bonds, which combine a fixed basic rate over the life of the bond with an inflation rate that is adjusted semiannually, earned 2.52%. Each bond earns interest over 30 years. You can redeem them for their purchase price after one year, but you sacrifice three months' interest if you redeem them within the first five years.

Here's the education advantage: The bonds let you exclude from taxes some or all of the earnings on any amount you redeem that covers tuition and fees at a qualified post-secondary institution. To get the break, you must be 24 or older when the bond is purchased. Only bonds purchased after 1989 qualify for the tax break.

You must also meet income limits to get this tax break. As of 2018, the exclusion starts to phase out at a modified adjusted gross income of $119,500 for married taxpayers filing jointly and at $79,700 for single filers. The exclusion disappears completely when adjusted gross income is $149,550 for couples filing jointly and $94,700 for single filers.

Save in Your Child's Name?

Often called UGMAs or UTMAs, after the Uniform Gifts to Minors Act and the Uniform Transfers to Minors Act, these custodial accounts let you set aside money or other assets in a trust for your minor child. As trustee, you manage the account for your child until he or she reaches the age of majority—18 or 21, depending on the state. You can withdraw the money

When acceptance letters roll in, you'll be ready

STATE SECURITIES REGULATORS

State securities regulators have protected investors from fraud for more than 100 years. Securities markets are global, but securities are sold locally by professionals who are licensed in every state where they conduct business. State securities regulators work within your state government to protect investors and help maintain the integrity of the securities industry.

Your state securities regulator can:

- Verify that a broker-dealer or investment adviser is properly licensed;
- Provide information about prior run-ins with regulators that led to disciplinary or enforcement actions; serious complaints that may have been lodged against them; their educational background and previous work history;
- Provide a website, telephone number or address where you can file a complaint; and
- Provide noncommercial investor education and protection materials.

For contact information for your state securities regulator, visit the North American Securities Administrators Association (NASAA) website at www.nasaa.org and click on "Contact Your Regulator."

to use for the benefit of your child, but you can't take it back.

Custodial accounts once served as a way for parents to shift the tax on earnings from their own higher rate to their child's, but a change in the law has greatly restricted that strategy. As of 2018, children who are full-time students under age 24 pay no tax on the first $2,100 of investment earnings. Earnings above that amount will be taxed at the rate for trusts and estates, which ranges from 10% to 37%, depending on the amount of investment earnings.

Custodial accounts carry no limits on income or contributions (although annual gifts over $15,000 or $30,000 from both parents can raise gift-tax issues), but they can have a significant impact on your student's chances for financial aid because the federal financial-aid formula assesses 20% of student-owned assets, as opposed to up to 5.6% of parents' assets. You can, however, cash out the account and transfer the money to a 529 plan, where it will be treated for financial-aid purposes as a parental asset.

Wrap up. With all these investment choices and tax incentives, you have little excuse not to save for your child's college education. But if you need one more reason, consider the satisfaction of watching the college acceptance letters roll in some 17 years hence and knowing that you've got the bills covered. You've just given your child the gift of choice. Sweet. ■

GLOSSARY

American Opportunity tax credit. This credit applies to expenses incurred by students attending at least half-time during their first four years of undergraduate education. A parent, spouse or student who is not claimed as a dependent can take a federal income-tax credit equal to 100% of the first $2,000 spent on qualified education expenses and 25% of the next $2,000, for a total of $2,500.

Bond. An interest-bearing security that obligates the issuer to pay a specified amount of interest for a specified time (usually several years) and then repay the bondholder the face amount of the bond.

Capital gain (or loss). The difference between the price at which you buy an investment and the price at which you sell it.

Central Registration Depository (CRD). A computerized database that contains information about most brokers, their representatives and the firms they work for.

Certificate of deposit. Usually called a CD, this is a short- to medium-term instrument (one month to five years) issued by a bank or credit union that usually pays interest at a rate higher than a regular savings account.

Compound interest. This is really interest paid on interest. When interest is earned on an investment and added to the original amount of the investment, future interest payments are calculated on the new, higher balance.

Coverdell Education Savings Accounts. Accounts offered by banks, mutual funds and brokers that let your money grow tax-free, and let you avoid tax on the earnings if you withdraw the money for qualified educational expenses.

Custodial accounts. Often called UGMAs or UTMAs, after the Uniform Gifts to Minors Act and the Uniform Transfer to Minors Act, they let you set aside money or other assets in a trust for your minor child.

Diversification. The method of balancing risk by investing in a variety of securities.

529 savings plan. State-sponsored investment accounts, named after the section of the tax code that created them, that let you shelter college savings from state and federal income tax.

Lifetime Learning credit. Allows post-high-school students, not just undergraduates, to claim a tax credit equal to 20% of costs for tuition, fees and books, up to a maximum of $2,000 a year per family.

Money-market fund. A mutual fund that invests in short-term corporate and government debt and passes the interest payments on to shareholders.

Mutual fund. A professionally managed portfolio of stocks, bonds or other investments divided up into shares.

North American Securities Administrators Association (NASAA). Membership organization for state securities regulators who work to protect investors' interests (www.nasaa.org).

Prepaid tuition plans. State-sponsored plans that let you buy tuition at a state college or university years before your child is ready to attend. A similar program exists for private colleges.

Portfolio. The collection of all of your investments.

Risk tolerance. The degree to which you are willing to risk losing some (or all) of your original investment in exchange for a chance to earn a higher rate of return. In general, the greater the potential gain from an investment, the greater the risk that you might lose money.

Roth IRA. Unlike a traditional IRA, earnings accumulate tax-free and withdrawals are tax-free in retirement. You can tap contributions for college costs tax- and penalty-free.

State securities regulators. Agencies that work within state governments to protect investors and help maintain the integrity of the securities industry.

Stock. A share of stock represents ownership in the company that issues it. The price of the stock goes up and down, depending on how the company performs and how investors think the company will perform in the future.

Total return. An investment-performance measure that combines two components: any change in the price of the shares and any dividends or other distributions paid to shareholders over the period being measured. With mutual funds, total-return figures assume that dividends and capital-gains distributions are reinvested in the fund.

U.S. savings bonds. A safe, tax-favored way to save for college. Series EE and I savings bonds let you exclude from taxes some or all of the earnings on any amount you redeem that covers tuition and fees at a qualified post-secondary institution.

WHERE TO FIND MORE FREE INFORMATION ABOUT INVESTING

The following booklets from the Editors of *Kiplinger's Personal Finance* magazine and the Investor Protection Trust are available at your library and offices of state securities regulators.

Five Keys to Investing Success
Make investing a habit
Set exciting goals
Don't take unnecessary risks
Keep time on your side
Diversify

The Basics for Investing in Stocks
Different flavors of stocks
The importance of diversification
How to pick and purchase stocks
Key measures of value and finding growth
When to sell
What's your return?
Consider mutual funds

A Primer for Investing in Bonds
How do bonds work, anyway?
How much does a bond really pay?
How to reduce the risks in bonds
Going the mutual fund route

Mutual Funds and ETFs: Maybe All You'll Ever Need
Mutual funds: The best investment
The different types of funds
How to choose funds and assemble a portfolio
Sources of mutual fund information
Where to buy funds

Getting Help With Your Investments
Do you need a financial adviser?
Who's who among financial advisers
How to choose an adviser
5 questions to ask before you hire an adviser
How to open an account
What can go wrong
How to complain

Maximize Your Retirement Investments
Three key rules
Creating the right investment mix
Guidelines for saving at every life stage
Investing on target
Best places to save
Getting the money out
Creating an income stream
Protect your money: Check out a broker or adviser

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