529 COLLEGE SAVINGS PLAN INVESTING AT COORDINATED CAPITAL SECURITIES, INC.

Coordinated Capital Securities, Inc. (CCS) is providing this educational piece to help ensure that you are investing in in the 529 plan that best suits your investment objectives, risk tolerance, time horizon and diversification needs.

This guide will help you better understand features and costs associated with the 529 plan, share classes of mutual funds in the 529 plan, and how your CCS financial representative and our firm are compensated when you invest in 529 plans.

It will also help you take advantage of all available discounts as work with your CCS financial representative.

As always, if you have any questions about your 529 plan investments, please contact your CCS financial representative.

What Is a 529 College Savings Plan?

Qualified, state tuition programs, better known as 529 college savings plans, are educational savings plans designed to encourage families and other investors to save for future tuition costs. The plans are professionally managed, tax-advantaged portfolios that enable individuals to set aside funds for the future educational needs of a student (the "beneficiary"). A 529 savings plan (also known as an "investment plan") offered through our firm enables a family or other investor to accumulate funds in a tax-advantaged way for future, qualified, postsecondary education costs. Participants save money in a college savings account on behalf of a particular individual, such as a child or grandchild (called the "designated beneficiary"). These plans offer various investment options, which are usually based on stock or bond mutual funds that provide a variable rate of return; some plans offer investment options that guarantee a minimum rate of return. Although most plans allow investors from out-of-state to participate, investors who participate in plans offered by their state of residence may benefit from state tax deductions, state tax credits, matching grants, scholarship opportunities and certain exemptions from state financial aid calculations.

Features and Characteristics

At our firm, we believe that college funding is a significant investment in the life of a child or grandchild. With the costs of college increasing and so many factors to consider, we encourage you to take the time to learn about a 529 plan before investing in it; a good start is to review the plan's official statement. To help you make the best choice for your situation, we have briefly summarized some of the factors you should consider before investing, which are listed below.

Plan availability – Some 529 savings plans are only available as "direct sold," which means you must deal directly with the 529 plan provider to purchase a plan. Visit your state's 529 plan-account Web site to see if its plans are direct-sold or are available through a financial institution such as our firm. This Web site also provides information about the specific benefits of investing in your state's plan. Even if you can and choose to purchase a plan through our firm, you should familiarize yourself with this information before investing. If you choose to invest in an out-of-state plan, you may forego certain state-specific benefits and be subject to higher plan fees and expenses. Conversely, you may find that an out-of-state plan provides other, more important benefits, depending on your needs. Consequently, it's prudent to weigh all of your options carefully.

State tax treatment* – Tax treatment of 529 plans varies from state to state. If you are a resident of the state sponsoring the 529 plan, contributions may be state-tax-deductible and qualified earnings distributions may be tax-exempt. You also might be eligible for certain advantages related to obtaining state-sponsored financial aid. As a result, out-of-state residents may not have the same advantages as in-state residents, even though they are investing in the same 529 plan.

Some states may allow state tax parity; in other words, you can contribute to an out-of-state plan and still receive a tax deduction on it in your home state. The majority of states also allow qualified withdrawals on out-of-state 529 savings plans. You should consider these implications and consult your tax advisor before choosing to contribute to an out-of-state 529 plan.

Contribution limits – The amount you can contribute to a 529 plan may vary by plan. When you invest in a college savings plan like a 529 plan, you pay money into an investment account on behalf of a designated beneficiary. Contributions should not exceed the amount necessary to provide for the qualified education expenses of the beneficiary. Lifetime contribution caps may also apply.

Estate planning and gift tax* – These tax considerations are a unique feature of 529 plans. Contributions to a 529 plan may be considered "completed gifts" for federal gift and estate tax purposes. Be sure to consult with your attorney and tax advisor before contributing to a 529 plan.

**The availability of such tax or other benefits may be conditioned on meeting certain requirements.*

529 Fund Analyzer

To compare the various fees and expenses among 529 Plans, visit the Financial Industry Regulatory Authority (FINRA) website and use its 529 expense Analyzer Tool at http://apps.finra.org/Investor_Information/Smart/529/Calc/529_Analyzer.asp

Before investing, it is important that you consult with your CCS financial representative and tax advisor to help identify a suitable 529 plan to fit your needs. When choosing a plan, you should consider your individual objectives and circumstances in light of the plan's investment options, fees and state tax implications.

529 college savings plans are not suitable for all investors. Please consider the investment objectives, risks, charges and expenses carefully before investing in a 529 savings plan. The official statement, which contains this and other information, can be obtained by calling your financial professional. Read it carefully before you invest. Additionally, our firm and our financial representatives are not tax advisors. Please consult your tax attorney or tax advisor in connection with the tax consequences of contributing to a 529 plan. Your CCS financial representative will work closely with you and your tax advisor to help you pursue your education savings goals.

Investment options and management –Some state plans offer all equity investment options, all fixed-income investment options or blended options that may change over time. Some 529 plans also offer multiple investment managers and types of investments. The most appropriate plan choice depends on several factors, including your risk tolerance, investment goals, overall financial situation and the beneficiary's age, which affects your time horizon (the length of time you want to hold the investment before liquidating it).

Market fluctuation – Market fluctuations associated with the underlying assets held in your 529 plan may present some risk to your account's performance. There are no guarantees from the state that sponsors the plan. As with any investment, there is also the risk that you may lose money or that it may not grow enough to cover tuition costs. For example, if you choose a plan option that invests in equity mutual funds, it is likely that the market value of your investment will decrease during a declining market.

Penalties for withdrawals – If you make a withdrawal from your 529 plan, penalties may be applied if the withdrawn funds are not used for qualified higher-education expenses, or if the withdrawal was made in a calendar year different from when the expense was incurred. In these circumstances, you also are generally required to pay federal and state income tax on the amount withdrawn, as well as be charged an additional 10% penalty on earnings. (Certain exceptions may apply to this penalty.) Please remember, these penalties would apply to nonqualified withdrawals made if a beneficiary decides not to go college, or if college costs require less money than you saved in your 529 plan.

Fees, charges and expenses – 529 plans are subject to enrollment, maintenance, administrative and management expenses. These costs are associated with all 529 plans, although they may vary from plan to plan. More specific information about a 529 plan's fees, charges and expenses are detailed in its official statement. It is very important to understand these costs and consider them when making a plan selection.

Ownership and control – You, as the 529-plan account holder or participant, maintain ownership and control of the plan. However, some 529 plans may limit or restrict your ability to change beneficiaries or reallocate portfolios more than once per calendar year.

Transfers – Transfers involving a change in your 529 plan or a beneficiary are generally allowed, but they may trigger fees and tax implications. Further, if you intend to invest or reallocate in a 529 plan with proceeds from the liquidation of mutual fund shares and/or annuity assets, or you are switching from another 529 plan, you may incur surrender charges, fees, recapturing of previous state-income- tax deductions and/or other tax implications. For instance, if you are liquidating assets from an existing Uniform Gift to Minors Act/Uniform Transfer to Minors Act (UGMA/UTMA) account to fund a 529 plan account, there may be tax consequences resulting from the asset transfer or prohibitions on transfers to anyone other than the named minor on the UGMA/UTMA account. You should always consider the implications of a transfer with your tax advisor before initiating a change.

Costs of Investing in 529 College Savings Plans

In addition to details about its objectives, risks and other characteristics, a 529 plan's official statement contains information about the charges you pay within the available funds. These charges generally include sales charges, annual account fees and annual operating expenses. You can pay these charges in a variety of ways, depending on the share class you choose.

Share Class

The expected time horizon is an important consideration when selecting a share class. Based on the age of the beneficiary and their likely college entry age, the costs you pay over the life of the investment may be higher for A shares than for C shares if purchased for an older child of adolescent age or an adult. Class A shares are generally not intended to be short-term investment vehicles. If the beneficiary is a young child there may be higher expenses with Class C shares than for Class A shares. Class C shares are generally not intended to be held as long-term investment vehicles.

CHOOSING A SHARE CLASS FOR YOUR 529 PLAN INVESTMENT:

- The amount being invested,
- The age of the designated beneficiary, and
- The number of years until funds will be needed to pay qualified higher education expenses

May determine which share class is more economically beneficial for your 529 plan investment.

If the beneficiary is a young child there may be higher expenses with Class C shares than for Class A shares.

Class C shares are generally not intended to be held as long-term investments, so these may be more appropriate for beneficiaries of at least adolescent age or adults based on their likely college entry age and shorter expected time horizon.

To learn more about 529 Plan and mutual funds in general, contact your CCS financial representative or visit the following websites:

- Investment Company Institute: ici.org
- Financial Industry Regulatory Authority: finra.org
- Securities and Exchange Commission: sec.gov
- Municipal Securities Rulemaking Board: msrb.org

Class A shares. These are sometimes simply called "A shares" and typically impose a front-end sales charge (a fee charged when you first buy a mutual fund) that is deducted from your initial investment. The operating expenses of the fund are generally lower for A shares than for B or C shares. You should also be aware that most funds offer discounts (called "breakpoint discounts") on the front-end sales charge for large investments — so as the size of your total investment within a fund family increases, the sales charge may decrease. Clients who currently hold 529 plan accounts may be eligible to aggregate their 529 plan investments offered by the same 529 plan sponsor to qualify for breakpoints on new mutual fund purchases. When making any new 529 plan purchase, you should inform your CCS financial representative of any 529 plan purchases or holdings in the same 529 plan and/or fund family to ensure you are considered for any available discounts.

Finally, most fund families permit investors to sign a "letter of intent (LOI)" indicating an intention to invest a certain amount in the fund over a certain period of time, entitling them to a breakpoint discount at lower initial levels of investment. Each fund's rules about ROAs and LOIs differ, and so it is important to ask your CCS financial representative about the particular fund family's rules before investing to make sure you receive any available discounts.

Class C shares. Typically, class C shares do not have a front-end sales charge and generally impose a lower CDSC than B shares, often 1% for 1 year. Like B shares, C shares normally impose higher annual operating expenses than A shares — but, unlike some B shares, they typically do not convert to A shares. Investors who want flexibility and who have a shorter investment time horizon may find that C shares best meet their needs; however, not all fund families offer C shares.

C shares are generally most appropriate for investors who want more flexibility in constructing and managing a diversified portfolio. Considering the total costs and expenses of C shares, investors should think carefully about whether C shares are an appropriate share class for their investment goals. Class C shares are generally not intended to be held as long-term investment vehicles. Please review the different cost structures for each available share class option, compare how the costs will aggregate over the intended life of the investment and discuss with your CCS financial representative the share class you determine to be most appropriate for the beneficiary. Once again, limits have been set to help ensure that the best interest of clients is served, regardless of the purchase size.

Additional 529 Plan Investment Considerations

Selecting the appropriate 529 plan for your investment objectives involves a number of factors, including your state of residence, fund strategies, fund performance history, risks, investment time horizon, fees and expenses. You should review any plan's disclosure document as well as a fund's share classes, as detailed in the official statement, to fully evaluate your options.

How CCS and your Financial Representative are compensated

In connection with your 529 Plan investment offered through our firm, you should also be aware that CCS and your financial representative each receive compensation.
You may be subject to the payment of a commission or load as described above and as disclosed in the prospectus/official statement of the 529 Plan/mutual fund. A portion of the commission payment (on average 85%) received by CCS is paid to your financial representative.
Ongoing payments (known as "residuals" or "trails") on mutual fund shares are set by the fund family and are paid to CCS A portion of these payments (on average 85%) is paid to your financial representative.
The compensation formula to determine the amount of payment to your financial representative is the same for all 529 Plan investments. However, some funds may carry higher sales charges than others, and that may create an incentive for financial representatives to sell such funds.