



# Pre-college Programs: Help Your Student Get a Head Start on College

**PRE-COLLEGE PROGRAMS** offer high school students the opportunity to prepare for college and test-drive the college experience. These programs allow students to live in a dorm, complete college-level classes and receive college credit.

### Campus Culture

The culture of college life is different than the high school experience and, most likely, any other experience your student has ever had to adapt to. Pre-college programs help students understand what to expect.

The U.S. Department of Education's Upward Bound enables a specific demographic of students to attend pre-college summer programs. Although individual Upward Bound programs vary, they all have the same mission, which is to help students succeed and gain access to college.

**“The six-week program with Upward Bound made me feel like university life could be my reality someday.”**

—KENDALL ENNS  
PRIOR STUDENT OF UPWARD BOUND

“Upward Bound spent a lot of time preparing me for the lifestyle changes associated with university life,” said Kendall Enns, a prior student of Upward Bound who now serves as a task team supervisor for the program at Chico State. “Thanks to them, I learned a lot about how universities work in terms of admission, academic plans,

requirements, cost, etc. This information made me feel like I had a leg up compared to most of my peers.”

### College Courses and Credits

A pre-college or college connect program can help students understand the college class format, which is often less hands-on than a high school format.

“The six-week program with Upward Bound made me feel like university life could be my reality someday,” Enns said. “The teachers pushed me harder than the ones at my high school and prepared me for the following year’s courses.”

The University of California, San Diego offers an academic connect program where high-achieving, college-bound high school students can take part in a three-week program with college-level courses. This program is led by graduate students from a wide array of academic disciplines, giving student participants the opportunity to thoroughly explore their interests and passions. This program and other pre-college programs give students the opportunity to earn college credits, which can reduce the overall cost of tuition, as students are often able to finish at a faster rate or are exempt from taking already credited classes.

### Majors and Potential Career Paths

Selecting a major can play a key role in making the most out of the college experience and post-college life. Pre-college programs offer a wide range of focus areas to help students explore their options early on.



If your student is looking for a program that is specifically geared toward his or her interest, programs like the California State Summer School for Mathematics and Science, also known as COSMOS, may be an appropriate fit. COSMOS is a four-week summer residential program that gives high school students who excel in science, technology, engineering and mathematics opportunities to explore these subjects beyond their usual high school curricula.

Whether your student is set on a college or is still not sure what to do, pre-college programs can help solidify decisions about the future, as well as provide a seamless transition from high school to college. When both parents and students know what to expect, the transition process can be more exciting and manageable for everyone involved.

## MYTH BUSTERS:

# Your 529 Plan's Impact on Financial Aid

There are many misconceptions about if, and how, ScholarShare, California's 529 College Savings Plan affects your child's chances of receiving financial aid. If you have questions, you're not alone. We'll share the most common myths and the truths behind them.

### MYTH

### MYTH OR TRUTH?

My 529 account affects my child's financial aid eligibility.

**HALF-MYTH / HALF-TRUTH** Your 529 account might affect financial aid eligibility ever so slightly. The impact will vary depending on who owns the account and by school. You should check with the schools you are interested in regarding this issue.

Here are the details: Assets in a 529 account owned by a dependent student or a parent are considered parental assets on the Free Application for Federal Student Aid, or FAFSA, which is the most commonly used financial aid form nationwide. When a school—whether it's a community college, a state college or a private college—calculates the student's expected family contribution, or EFC, only a maximum of 5.64 percent of parental assets are counted. This is more favorable than student assets, which can be counted at 20 percent. A higher EFC means less financial aid. For example, for every \$1000 in parental assets only \$56.40 would be counted toward the EFC, compared with \$200 for student assets. A higher EFC means less financial aid.

At ScholarShare, we encourage your family to keep saving for higher education expenses. The funds in the 529 account can complement any financial aid that your child receives and help avoid student loan debt.

I can use funds from my 529 account *and* financial aid package to help pay for higher education expenses. In fact, my 529 account complements my financial aid.

**TRUTH** There are several options and resources available to help pay for higher education expenses. Your ScholarShare plan is one option, but all options can, and should, work together to achieve your savings goals.

You can continue to contribute to your 529 account and may still be eligible to receive financial aid.

My child's grandparent owns the 529 account, so it will not affect my child's eligibility for need-based financial aid.

**HALF-MYTH / HALF-TRUTH** Money held in a grandparent's 529 plan isn't counted as an asset for the parent or the student on the FAFSA, the form most commonly used to determine a student's eligibility for financial aid. However, when the student receives financial support from funds in the 529 plan, those funds must be reported as part of the student's income on the next year's FAFSA.

Consider working closely with the grandparent on a strategy so that your child can maximize the financial aid package. For example, consider withdrawing the grandparent-owned funds right before your child's final year of college. This way, the grandparent's contribution won't have an impact on financial aid, since the student won't complete the FAFSA the following year. Consult your tax adviser.

If my child receives a full-ride scholarship and/or a financial aid package that can cover the entire cost of college, he or she will not be able to use the funds in the 529 plan.

**MYTH** If your child receives a full-ride scholarship, it's definitely something worth celebrating. And there is no need to feel stressed about losing the funds in your 529 account. You have a few options to make use of the funds.

1. You can withdraw funds up to the scholarship amount without any penalty, but you'll have to pay federal and sometimes even state income taxes on the earnings portion of the withdrawal.
2. You can name yourself or another child or loved one as the beneficiary. Then you can use the funds when needed, depending on who the beneficiary is. There is also a change-of-beneficiary option, where you can change the selected beneficiary to an eligible family member should you need to do so.
3. You can make a non-qualified withdrawal. You can withdraw your principal contributions without a penalty, but for the earnings you will have to pay state and federal taxes, plus a 10 percent federal tax penalty and a 2.5 percent state tax penalty.

A 529 college savings plan is one of the most tax-efficient methods of paying for college, not financial aid.

**TRUTH** Sixty-four percent of what your child might receive from financial aid is comprised of grants, while 36 percent of that financial aid might be federal student loans. If your loans take up to 10 or more years after graduation to pay back, the interest and added fees will add up. A 529 college savings plan is one of the best ways to save and help ease the burden of paying for college. With ScholarShare, any investment earnings can grow tax-deferred and the funds—when used for qualified higher education expenses, such as books, tuition, computers and certain room and board costs—can be withdrawn without having to pay federal or state taxes.

Tax benefits are one of the biggest advantages of owning a 529 account.

# Demand for College-educated Workforce at Highest Level and Growing

**WITH THE COST** of a college education on the rise, it's reasonable for parents and students to assess the value of a higher education. It's similarly reasonable for them to be just as discerning about which major to pursue.

Both of these factors are critical, with an increasing number of college graduates facing historic levels of debt and an economy with fewer well-paying job opportunities. Nonetheless, college graduates tend to have better economic outcomes than peers who do not hold a bachelor's degree.

The 2015 report "Will California Run Out of College Graduates?"<sup>1</sup> by the Public Policy Institute of California—which conducts independent, objective and nonpartisan research—stresses the importance of a college degree. According to the report, "The greatest increases in unemployment have been among workers with only a high school diploma or with some college education but no bachelor's degree."

If the Great Recession is any indication, the fate of any worker can be heavily impacted by a struggling economy, but those without a college degree are especially adversely affected.

## Top Bachelor's Degrees by Demand

RANK	COLLEGE MAJOR	PERCENT THAT PLAN TO HIRE
1	Accounting	54.4
2	Computer Science	53.9
3	Finance	50.6
4	Business Administration/Management	47.8
5	Mechanical Engineering	46.1
6	Information Sciences and Systems	41.7
7	Management Information Systems	40.6
8	Electrical Engineering	39.4
9	Logistics/Supply Chain	37.2
10	Economics	35.6
10	Marketing	35.6

**These are the most sought-after college degrees, according to the "Job Outlook 2016" survey from the National Association of Colleges and Employers.**



**Highly skilled college graduates have a big competitive edge in today's economy, and they'll be in even higher demand in the future.**

The report by the Public Policy Institute of California also suggests, "Workers with more education not only are more likely to be employed but are also, on average, gaining ground in terms of pay." While college is certainly a big investment that requires careful deliberation and academic and financial planning, statistics show that it pays to get a degree.

The Pew Research Center report "10 Facts About American Workers" (Sept. 1, 2016) found, "College graduates ages 25 to 34 working full time in 2015 earned more annually—about \$20,000 more—than employed young adults holding only a high school diploma. The pay gap was significantly smaller in previous generations."<sup>2</sup>

A college degree is only the first step in gaining a competitive edge in today's economy. It's just as important to be judicious when selecting a major. The changing economy has prompted an increased demand for a specifically skilled, college-educated workforce and not all majors are favored equally by major employers.

Salenri Rau is an HR benefits manager at the California-based Eckert & Ziegler Isotope Products Inc., one of the world's largest providers of isotope technology for medical, scientific and

industrial use. Rau has observed a growing trend, "I've been in this industry a long time, and I've seen a significant decline in qualified candidates for scientific positions. It's becoming more and more challenging to fill our highly-skilled job openings."

Rau notes, "Having a bachelor's degree really opens doors, but it's looking at economic trends and being aware of the jobs that different types of majors prepare you for that really helps determine success down the road."

Despite the recent recession, California's economy is still one of the largest in the world. In order to maintain that level of prosperity, the economy calls for a highly skilled, college-educated workforce. However, according to the Public Policy Institute of California, if current trends in the labor market persist, California's workforce will soon have a shortage of 1.1 million workers holding a bachelor's degree.<sup>1</sup>

As Californians, we can help give our children a greater chance at economic prosperity with a continued focus on higher education. Our children's future and our state's future depend on it.

1. [ppic.org/main/publication\\_quick.asp?i=1166](http://ppic.org/main/publication_quick.asp?i=1166)  
 2. [pewresearch.org/fact-tank/2016/09/01/8-facts-about-american-workers/](http://pewresearch.org/fact-tank/2016/09/01/8-facts-about-american-workers/)

# Historical Performance

Fund Performance for the Period Ending October 31, 2016

AGE-BASED PORTFOLIO OPTIONS	INCEPTION DATE	YEAR TO DATE	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
<b>ACTIVE AGE-BASED INVESTMENT PORTFOLIO<sup>1</sup></b>							
<b>Age Band 0-4</b>	11/04/11	4.66%	3.37%	5.15%	-	-	9.79%
Blended Index <sup>3</sup>	-	5.63%	3.73%	5.05%			9.03%
<b>Age Band 5-8</b>	11/04/11	4.80%	3.61%	5.00%	-	-	9.18%
Blended Index <sup>3</sup>	-	5.68%	3.92%	4.87%			8.27%
<b>Age Band 9-10</b>	11/04/11	4.95%	3.79%	4.81%	-	-	8.53%
Blended Index <sup>3</sup>	-	5.72%	4.09%	4.67%			7.50%
<b>Age Band 11-12</b>	11/04/11	5.12%	4.00%	4.52%	-	-	7.83%
Blended Index <sup>3</sup>	-	5.76%	4.26%	4.46%			6.72%
<b>Age Band 13-14</b>	11/04/11	5.29%	4.20%	4.31%	-	-	7.17%
Blended Index <sup>3</sup>	-	5.77%	4.41%	4.24%			5.94%
<b>Age Band 15</b>	11/04/11	4.90%	3.93%	3.92%	-	-	6.20%
Blended Index <sup>3</sup>	-	5.22%	4.08%	3.69%			4.88%
<b>Age Band 16</b>	11/04/11	4.55%	3.72%	3.58%	-	-	5.54%
Blended Index <sup>3</sup>	-	4.66%	3.67%	3.25%			4.21%
<b>Age Band 17</b>	11/04/11	3.81%	3.21%	3.05%	-	-	4.64%
Blended Index <sup>3</sup>	-	3.82%	3.03%	2.65%			3.41%
<b>Age Band 18+</b>	11/04/11	3.09%	2.65%	2.54%	-	-	3.75%
Blended Index <sup>3</sup>	-	2.98%	2.39%	2.05%			2.60%
<b>PASSIVE AGE-BASED INVESTMENT PORTFOLIO OPTION<sup>1</sup></b>							
<b>Age Band 0-4</b>	11/04/11	4.97%	3.21%	5.03%	-	-	9.06%
Blended Index <sup>3</sup>	-	5.32%	3.49%	5.10%			9.17%
<b>Age Band 5-8</b>	11/04/11	5.08%	3.40%	4.84%	-	-	8.32%
Blended Index <sup>3</sup>	-	5.43%	3.70%	4.90%			8.40%
<b>Age Band 9-10</b>	11/04/11	5.04%	3.46%	4.62%	-	-	7.53%
Blended Index <sup>3</sup>	-	5.53%	3.90%	4.70%			7.63%
<b>Age Band 11-12</b>	11/04/11	5.26%	3.75%	4.33%	-	-	6.70%
Blended Index <sup>3</sup>	-	5.63%	4.09%	4.49%			6.85%
<b>Age Band 13-14</b>	11/04/11	5.38%	3.90%	4.12%	-	-	5.91%
Blended Index <sup>3</sup>	-	5.71%	4.27%	4.26%			6.07%
<b>Age Band 15</b>	11/04/11	5.02%	3.74%	3.68%	-	-	4.99%
Blended Index <sup>3</sup>	-	5.19%	3.96%	3.71%			4.99%
<b>Age Band 16</b>	11/04/11	4.55%	3.51%	3.36%	-	-	4.40%
Blended Index <sup>3</sup>	-	4.65%	3.58%	3.27%			4.31%
<b>Age Band 17</b>	11/04/11	3.98%	3.00%	2.94%	-	-	3.77%
Blended Index <sup>3</sup>	-	3.81%	2.95%	2.67%			3.49%
<b>Age Band 18+</b>	11/04/11	3.28%	2.64%	2.46%	-	-	3.11%
Blended Index <sup>3</sup>	-	2.98%	2.33%	2.06%			2.67%
<b>GUARANTEED INVESTMENT OPTION</b>							
<b>INVESTMENT PORTFOLIO<sup>1</sup></b>							
<b>Principal Plus Interest Portfolio<sup>4,5</sup></b>	11/04/11	1.04%	1.14%	1.15%	-	-	1.29%

## Fund Performance for the Period Ending October 31, 2016

MULTI-FUND PORTFOLIO OPTIONS	INCEPTION DATE	YEAR TO DATE	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
<b>INVESTMENT PORTFOLIO<sup>1</sup></b>							
<b>Active Diversified Equity</b>	11/04/11	4.40%	3.00%	5.52%	-	-	11.02%
Blended Index <sup>3</sup>	-	5.49%	3.33%	5.39%			10.53%
<b>Active Growth</b>	11/04/11	4.87%	3.61%	5.02%	-	-	9.19%
Blended Index <sup>3</sup>	-	5.68%	3.92%	4.87%			8.27%
<b>Active Moderate Growth</b>	11/09/11	5.31%	4.23%	4.37%	-	-	7.43%
Blended Index <sup>3</sup>	-	5.77%	4.41%	4.24%			6.13%
<b>Active Conservative<sup>4</sup></b>	11/04/11	3.35%	2.98%	2.16%	-	-	2.68%
Blended Index <sup>3</sup>	-	2.95%	2.55%	1.67%			1.41%
<b>Active Diversified Fixed Income<sup>4</sup></b>	11/08/11	5.82%	4.92%	3.34%	-	-	4.36%
Blended Index <sup>3</sup>	-	5.74%	4.91%	3.25%			2.77%
<b>Active International Equity<sup>4</sup></b>	11/10/11	4.94%	1.11%	-1.25%	-	-	5.00%
Blended Index <sup>3</sup>	-	4.08%	0.02%	-1.46%			4.86%
<b>Passive Diversified Equity<sup>4</sup></b>	11/04/11	4.94%	3.05%	5.53%	-	-	10.63%
Blended Index <sup>3</sup>	-	5.06%	3.03%	5.45%			10.68%
<b>Passive Growth<sup>4</sup></b>	11/04/11	5.00%	3.40%	4.87%	-	-	8.32%
Blended Index <sup>3</sup>	-	5.43%	3.70%	4.90%			8.40%
<b>Passive Moderate Growth<sup>4</sup></b>	11/08/11	5.48%	3.99%	4.13%	-	-	5.88%
Blended Index <sup>3</sup>	-	5.71%	4.27%	4.26%			6.00%
<b>Passive Conservative<sup>4</sup></b>	11/04/11	3.41%	2.92%	2.03%	-	-	1.78%
Blended Index <sup>3</sup>	-	3.03%	2.53%	1.67%			1.48%
<b>Passive Diversified Fixed Income<sup>4</sup></b>	11/08/11	5.85%	4.59%	3.07%	-	-	2.67%
Blended Index <sup>3</sup>	-	5.91%	4.87%	3.26%			2.90%
<b>Index International Equity<sup>4</sup></b>	11/04/11	3.53%	-0.16%	-1.19%	-	-	4.76%
Blended Index <sup>3</sup>	-	2.87%	-0.75%	-1.37%			4.63%

### SINGLE-FUND PORTFOLIO OPTIONS

#### INVESTMENT PORTFOLIO<sup>1</sup>

<b>Social Choice<sup>4</sup></b>	11/04/11	6.61%	4.46%	6.68%	-	-	11.95%
Blended Index <sup>3</sup>	-	5.84%	4.24%	8.13%			13.33%
<b>Index Bond<sup>4</sup></b>	11/04/11	4.89%	4.22%	3.35%	-	-	2.59%
Blended Index <sup>3</sup>	-	4.99%	4.37%	3.48%			2.83%
<b>Index U.S. Large Cap Equity<sup>4</sup></b>	11/04/11	5.75%	4.40%	8.72%	-	-	13.43%
Blended Index <sup>3</sup>	-	5.87%	4.51%	8.84%			13.58%
<b>Index U.S. Equity<sup>4</sup></b>	11/04/11	5.81%	4.21%	8.05%	-	-	13.20%
Blended Index <sup>3</sup>	-	5.84%	4.24%	8.13%			13.33%

The performance data quoted represent past performance and are net of all fees and expenses, including the estimated expense ratio of the underlying mutual funds and the Plan Manager Fee. **Past performance is not a guarantee of future results.** Your returns and the principal value of your account will fluctuate so your investment may be worth more or less than the original value when you withdraw your money. Current performance may be lower or higher than the performance quoted above.

<sup>1</sup>All performance figures in the table, with the exception of the performance figures less than one year, represent the average annual compound rate of total return. All figures less than one year represent cumulative, non-annualized returns.

<sup>2</sup>Beneficiaries are moved from one Age Band to the next Age Band on the first "rolling date" following their fifth, ninth, eleventh, thirteenth, fifteenth, sixteenth, seventeenth and eighteenth birthdays. The "rolling dates" are March 20, June 20, September 20 and December 20 (or the first business day thereafter).

<sup>3</sup>The blended indexes are customized benchmarks that combine the fund benchmarks of each underlying mutual fund held in an investment portfolio (other than the Principal Plus Interest Portfolio) according to the investment portfolio's asset allocation during the relevant time period. The blended indexes are used to compare the performance of the corresponding investment portfolio. They are unmanaged and do not reflect the deduction of any fees or expenses.

<sup>4</sup>These investment portfolios have limited operating histories, so the returns cited above may not be a good indication of how they may perform over a longer time period.

<sup>5</sup>The Principal Plus Interest Portfolio seeks to preserve capital and provide a stable return. The assets in the portfolio are allocated to a funding agreement issued by TIAA-CREF Life to the Board, which is the policyholder under the agreement. This funding agreement provides for a return of principal plus a guaranteed rate of interest and allows for the possibility that additional interest may be credited as declared periodically by TIAA-CREF Life. The interest rate guarantee is made to the Board only, and not to account owners or beneficiaries. The Board only, and not to account owners or beneficiaries.

# Undergraduate California Resident Fee Comparisons

	CA COMMUNITY COLLEGES	CSU SYSTEM	UC SYSTEM
2015-2016	\$1,104	\$5,472	\$12,192
2016-2017	\$1,104	\$5,472	\$12,240
Annual Change	\$0	\$0	\$48

Source: CaliforniaColleges.edu Website - [https://secure.californiacolleges.edu/Financial\\_Aid\\_Planning/Financial\\_Aid\\_101/college\\_cost.aspx](https://secure.californiacolleges.edu/Financial_Aid_Planning/Financial_Aid_101/college_cost.aspx), accessed Nov. 16, 2016.

\*These tuition costs represent the estimated costs of attending one year of college as a full-time student at each respective institution. These estimates do not include the cost of additional campus-based fees, which can total as much as an additional \$1,500 each year. In all, your total costs will vary depending on your personal expenses and the campus you attend.

**START EARLY.**

**TINY CHANGES CAN ADD UP.**

**AUTOMATE YOUR SAVINGS.**

**CHANGE BENEFICIARIES IF NEEDED.**

**INVITE FAMILY TO HELP.**

**MOMENTUM BUILDS OVER TIME.**

**USE FOR A VARIETY OF QUALIFIED EXPENSES.**

**Start small. Dream big.**

**SCHOLARSHARE**  
CALIFORNIA'S 529 COLLEGE SAVINGS PLAN



**SCHOLARSHARE**

CALIFORNIA'S 529 COLLEGE SAVINGS PLAN

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# Sharing the Latest

## ScholarShare Goes Silver

ScholarShare has received a Silver rating from Morningstar, making it one of the best-rated plans in the nation. In an annual review (10/25/16) of the largest 529 college savings plans (84 total), Morningstar identified 33 plans that rose above their peers, awarding those plans Gold, Silver, and Bronze Morningstar Analyst Ratings for 2016. These forward-looking, qualitative ratings reflect Morningstar's assessment of the plans' abilities to outperform their relevant benchmark and peer groups on a risk-adjusted basis over the long term. Morningstar evaluates college savings plans based on five key pillars: Process, Performance, People, Parent and Price. ScholarShare received positive ratings for all five key pillars. For more information about Morningstar's overview of ScholarShare, go to [morningstar.com/save-for-college.html](http://morningstar.com/save-for-college.html). Past performance does not predict future results. Source: [morningstar.com](http://morningstar.com).

## Gift of College Gift Cards

The first of its kind for college gifting, the ScholarShare Gift of College gift cards offer consumers an innovative solution to tangibly contribute to the college savings of their loved ones. The ScholarShare Gift of College gift cards are available in stores at Toys R Us and Babies R Us.



## Your State Representative

The ScholarShare 529 College Savings Plan provides all account owners with contact information for their state legislators annually, as required by law. If you would like to contact your state representative about your ScholarShare 529 College Savings Plan account, visit [legislature.ca.gov](http://legislature.ca.gov) to find the appropriate address and phone number, or contact our office at 916.651.6380.

## Share Socially

Be sure to follow us on Twitter [@ScholarShare529](https://twitter.com/ScholarShare529) and like us on Facebook at [facebook.com/scholarshare529](https://facebook.com/scholarshare529).

## CONTACT US

Visit us online at [ScholarShare.com](http://ScholarShare.com) or call **800.544.5248**.

**Consider the investment objectives, risks, charges and expenses before investing in the ScholarShare College Savings Plan. Visit [ScholarShare.com](http://ScholarShare.com) for a Plan Disclosure Booklet containing this and other information. Read it carefully. Investments in the Plan are neither insured nor guaranteed, and there is a risk of investment loss. TIAA-CREF Tuition Financing, Inc., Plan Manager. TIAA-CREF Individual & Institutional Services, LLC, member FINRA, distributor and underwriter for ScholarShare 529 College Savings Plan.**

**Taxpayers should seek advice from an independent tax advisor based on their own particular circumstances.**

**Non-qualified withdrawals may be subject to federal and state taxes and the additional federal 10% tax. Non-qualified withdrawals may also be subject to an additional 2.5% California tax on earnings. Before investing in a 529 plan, consider whether the state where you or your Beneficiary resides has a 529 plan that offers favorable state tax benefits that are available if you invest in that state's 529 plan.**

**The ScholarShare 529 College Savings Plan Twitter and Facebook pages are managed by the State of California. Neither TIAA-CREF Tuition Financing, Inc., nor its affiliates, are responsible for the content found on any external website links referenced herein. C35217**

