



Member FINRA | SIPC | MSRB

Dear Customer:

Chelsea Financial Services is committed to providing you with full and fair disclosure concerning your desire to open an Investment 529 College Savings Plan account. This letter does not apply to residents of states that have no state income tax. 529 Savings Plans are sponsored by individual states.

529 Plan investments are classified as state municipal fund securities. Many states that levy a personal income tax offer state income tax deductions or other valuable benefits to investors who establish 529 Savings Plans, but only if the investor purchases a plan sponsored by their home state.

As of August 2022, Over 30 states, including the District of Columbia, currently offer a state income tax deduction or tax credit for 529 plan contributions.

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**However, seven tax parity states offer a state income tax benefit for contributions to any 529 plan:**

- Arizona.
- Arkansas.
- Kansas.
- Minnesota.
- Missouri.
- Montana.
- Pennsylvania.

Each state has its own state income tax rules, which may change frequently. You can obtain additional information about your state's sponsored 529 plans and investment vendor by logging on to [www.savingforcollege.com](http://www.savingforcollege.com).

Favorable federal income tax treatment of 529 savings plans is unaffected by a purchaser's home state. We believe you should consult with your tax advisor to determine the value of a possible state tax deduction or other benefits that may be available before you commit to purchasing a plan sponsored by a state other than your home state (out-of state plans). You should weigh the value of an available income tax reduction with other factors, such as the securities investment vendor to your state's plan and the ability of your investment representative to sell a 529 plan to you.

Please sign below to verify that you have read and understand this disclosure and received a copy of the MSRB Rule G-17, Investors Guide to 529 Plans from your representative.

Customer Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Representative Signature: \_\_\_\_\_ Date: \_\_\_\_\_



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CHELSEA FINANCIAL SERVICES, Member FINRA and SIPC. MSRB Rule G-17 Out-of-State Disclosure Obligation 529 Plan Sales The Municipal Securities Rule Making Board (MSRB) oversees the regulation of section 529 Plan Municipal Fund Securities.

529 Plans are sponsored by individual states and their securities investments are classified as municipal fund securities. MSRB Rule G-17 requires that Broker/Dealers provide individuals of states that levy a state personal income tax that are considering purchase of 529 Plan Municipal Fund Securities (sponsored by a state other than the buyer's home state) with certain specific disclosure information which is provided below:

- Depending upon the laws of the home state of the customer or designated beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in 529 college savings plans may be available only if the customer invests in the home state's 529 college savings plan;
- Any state-based benefit offered with respect to a particular 529 college savings plan should be one of many appropriately weighted factors to be considered in making an investment decision; and;
- You should consult with your financial, tax or other advisor to learn more about how the state-based benefits (including any limitations) would apply to your specific circumstances and also my wish to contact your home state or any other 529 college savings plan. This disclosure is required to be provided to you even if the transaction was not recommended to you by your financial professional.

As a Broker/Dealer, Chelsea Financial Services does not provide tax or legal advice. You should consult with your tax professional to determine what tax benefits might be available to you (if any), if you purchased your home state's offered plan. We recommend that you ensure any questions you might have are answered to your satisfaction before proceeding with your purchase.

Sincerely,

CHELSEA FINANCIAL SERVICES