



SCHOLARS CHOICESM

Your Investment Solution for College Savings

SCHOLARS CHOICESM



Save Today. Help Secure Tomorrow.

WWW.SCHOLARS-CHOICE.COM

The cost of education is rising.

From public universities to private colleges, the price of tomorrow's education is escalating at a faster pace than inflation,¹ making traditional ways of saving for college—such as certificates of deposit and savings bonds—no longer enough.

Scholars ChoiceSM

Easy to Understand.

Easy to Participate.



Scholars Choice can have a big impact on your family's ability to save for college.

Here's help.

Scholars ChoiceSM is a college savings program under Section 529 of the Internal Revenue Code. For you—the parent, grandparent, guardian or friend of a child—Scholars Choice lets you build a tax-advantaged investment program for future education costs.

Here's how.

Through Scholars Choice, you can invest as little as \$50 to as much as \$10,000 a year for your beneficiary (\$20,000 for married couples) without gift tax consequences. Alternatively, you can invest up to \$50,000 (\$100,000 for married couples) per beneficiary in one year *if you do not make further gifts to the same beneficiary over the next four years*. Your investment will be managed by the professionals at Smith Barney Asset Management, using Smith Barney Mutual Funds as the underlying investments.

While these investments do carry the risk of market volatility, they offer you the potential to benefit from market appreciation. Over time, the broad stock and bond markets have demonstrated their ability to outpace inflation.²

Investments in the Scholars Choice program are not guaranteed by the State of Colorado, the Colorado Student Obligation Bond Authority or Salomon Smith Barney Inc., and are subject to investment risks, including the loss of the principal amount invested.

¹ Source: *Chronicle of Higher Education*, 1998

² Source: Ibbotson Associates, Inc., 1999

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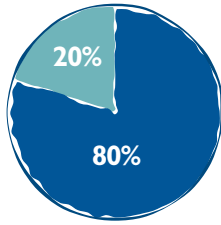
For each beneficiary, you select one of three investment options. Options 1 and 2 are designed for families saving for children who still have years ahead of them before college. Option 3 may be appropriate for older children or adults planning to further their education.

Scholars Choice Your Investment Choice for College Savings.

OPTION 1

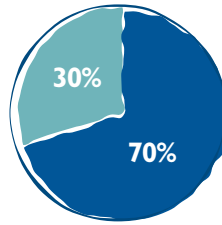
AGE-BASED PORTFOLIOS

The asset allocation of your investment changes along with the age of your beneficiary. As the beneficiary gets older, your investment shifts from equity funds, which offer greater growth potential, to more conservative bond and money market funds.



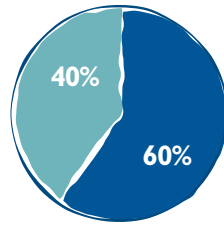
PORTFOLIO 1

Age 0 – 3



PORTFOLIO 2

Age 4 – 6



PORTFOLIO 3

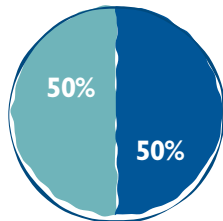
Age 7 – 9

- Stock Funds
- Bond Funds
- Money Market Funds

OPTION 2

BALANCED PORTFOLIO

Your contributions are invested 50% in equity mutual funds and 50% in bond funds throughout the life of the investment.



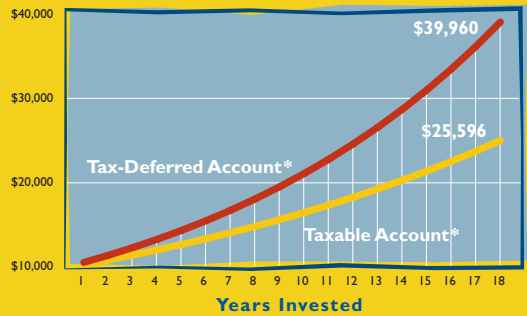
BALANCED PORTFOLIO

- Stock Funds
- Bond Funds

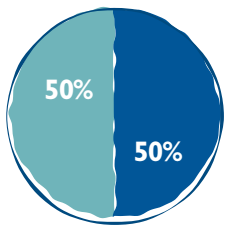
Note: Portfolio allocations may vary up to 5% – 10% from target levels.

The Advantage of Growth in a Tax-Deferred Account

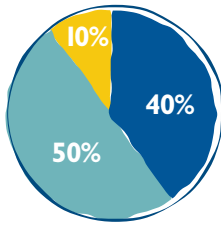
Your Scholars Choice investment will benefit from tax-deferred compounding, an advantage that can have a significant impact on your savings over time. Earnings grow tax-free until they are withdrawn, at which time they are taxed at the beneficiary's rate, which may be less than the account owner's rate.



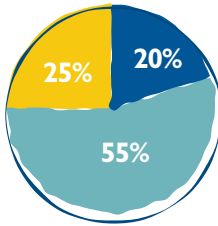
*This hypothetical example is for illustrative purposes only and is not meant to represent the return of any specific investment. The example assumes a one-time lump sum investment of \$10,000 and an 8% annual rate of return. The accumulated amount in the tax-deferred account will be subject to taxation upon withdrawal. The taxable account assumes a tax rate of 33%.



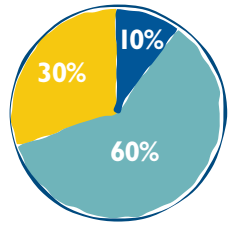
PORTFOLIO 4
Age 10 – 12



PORTFOLIO 5
Age 13 – 15



PORTFOLIO 6
Age 16 – 18



PORTFOLIO 7
Age 19 and older

OPTION 3

YEARS TO ENROLLMENT
PORTFOLIOS

Similar to the Age-Based option, contributions are invested in a series of portfolios that shift from equity mutual funds to bond and money market funds as the beneficiary approaches school years.

YEARS TO ENROLLMENT	INVESTMENT PORTFOLIO
10 – 12	Portfolio 3
7 – 9	Portfolio 4
4 – 6	Portfolio 5
1 – 3	Portfolio 6
Less than 1	Portfolio 7

Scholars Choice: What to Know

Administered by the Colorado Student Obligation Bond Authority, Scholars Choice is available to anyone to help save for a child's education. Withdrawals can be used to pay for tuition, fees, room & board, books and supplies at any eligible public or private college or university, community college or vocational school in the U.S.

Scholars Choice Offering You More Flexibility than Ever Before

Eligibility

Scholars Choice is available to everyone, regardless of income level. Your beneficiary can be your child, grandchild, nephew, niece or just someone you care about—even yourself. Importantly, you can change your beneficiary at any time, as long as the new beneficiary is a family member of the original beneficiary.

Tax Advantages

Earnings grow free from federal taxes until your investment is withdrawn. Earnings on qualified withdrawals are taxed at the beneficiary's rate, which may be less than the account owner's. Contributions to Scholars Choice may be excluded from the investor's taxable estate.

Professional Management

Your investment will be managed by the Smith Barney Asset Management division of Salomon Smith Barney Inc. Salomon Smith Barney and its affiliates manage over \$357 billion in assets for individual and institutional clients.* With an average of 22 years in the financial industry, Smith Barney Asset Management portfolio managers have the experience and expertise to manage your investments with care.

* Smith Barney Asset Management and its affiliated advisory entities are part of the SSB Citi Asset Management Group of Companies.

Opening a Scholars Choice account couldn't be easier.

The sooner you start, the more time your investment will have to grow. Speak with your Salomon Smith Barney Financial Consultant about Scholars Choice, or call 1-888-5-SCHOLAR today to request an enrollment kit.



Administered by the
Colorado Student
Obligation Bond Authority

SSB Citi Asset Management Group is comprised of the substantial resources that are available through its primary asset management business platforms: Salomon Brothers Asset Management, Smith Barney Asset Management, a division of Salomon Smith Barney Inc., and Citibank Global Asset Management.

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