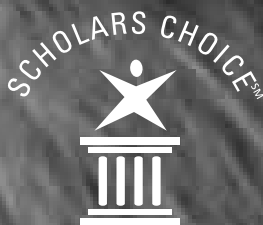




# SCHOLARS CHOICE<sup>SM</sup>

Your Investment Solution for College Savings



Save Today. Help Secure Tomorrow.

[WWW.SCHOLARS-CHOICE.COM](http://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,<sup>1</sup> making traditional ways of saving for college—such as certificates of deposit and savings bonds—no longer enough.

# Scholars Choice: Easy to Understand. Easy to Participate.

## Here's Help.

Through Scholars Choice, you can invest from \$50 to \$10,000 a year for your beneficiary (\$20,000 for married couples) without gift taxes. Or, you can invest up to \$50,000 (\$100,000 for married couples) per beneficiary in one year without gift taxes *if you do not make further gifts to the same beneficiary over the next four years*. Your investment will be managed by Smith Barney Asset Management—a leader in the industry.

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.<sup>2</sup> By investing in Scholars Choice, you can participate in the potential growth of the stock and bond markets.

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 loss of the principal amount invested.

<sup>1</sup> Source: Chronicle of Higher Education, 1998

<sup>2</sup> Source: Ibbotson Associates, Inc., 1999

## Save Today. Help Secure Tomorrow.

For each account, 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 adults planning to further their education. All options are invested in portfolios of Smith Barney Mutual Funds.

# 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, the portfolio shifts from equities to more stable bond and money market funds.

**Option 2: Balanced Portfolio** Your contributions are invested 50% in equity mutual funds and 50% in fixed income funds throughout the life of the investment.

**Option 3: Years to Enrollment Portfolios** Similar to Option 1, 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.

## Professional Management

Your investment will be managed by the Smith Barney Asset Management division of Salomon Smith Barney Inc. With an average of 22 years in the industry, Smith Barney Asset Management portfolio managers have the experience and expertise to manage your investment with care.

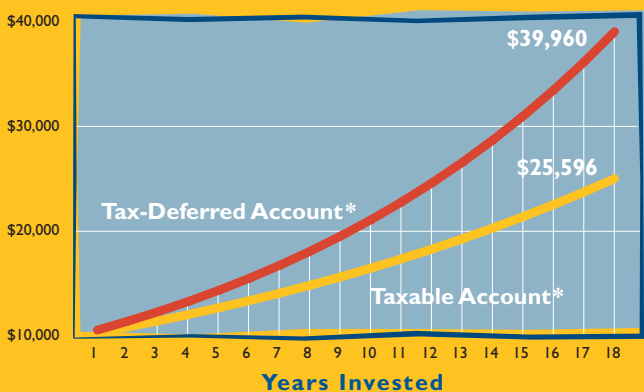
## Tax Benefits Give You a Valuable Head Start

1. Earnings grow free from federal taxes until your investment is withdrawn
2. Earnings on qualified withdrawals are taxed at the beneficiary's rate
3. Your contribution may be exempt from federal gift taxes, and
4. May also be excluded from your taxable estate

# The Powerful Tax Advantages of Scholars Choice

## 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.



\*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 tax-deferred account assumes tax-deferred growth at both the federal and state levels. The accumulated amount in the tax-deferred account will be subject to taxation upon withdrawal. The taxable account assumes a combined tax rate of 33%.

Salomon Smith Barney does not provide tax or legal advice. Please consult your tax and/or legal advisor for such guidance.

## Scholars Choice: What to Know

Scholars Choice 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 education costs. Withdrawals can be used to pay for tuition, 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 Offers You More Flexibility than Ever.

## Eligibility

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

## 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 how Scholars Choice can help make your college savings goals a reality.



Asset Management Group

A member of citigroup

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.

**SALOMON SMITH BARNEY**

A member of citigroup

Salomon Smith Barney is a service mark of Salomon Smith Barney Inc.  
Scholars Choice is a service mark of Salomon Smith Barney Inc.

© 1999 Salomon Smith Barney Inc.

Member NASD, SIPC

SCH2002 11/99 22238