



SCHOLARS CHOICESM fast facts

Why Scholars Choice?

- Earnings Grow Tax Deferred—taxed at student's rate when withdrawn to pay for qualified expenses (tuition, room & board, books, supplies)
- Higher Contribution Limits—compared with many other tax-deferred investments
- Estate Planning Benefits—investments may not be included in taxable estate of account owner
- Control—account owner always has access to the money¹
- Flexible—can change beneficiary at any time (to a family member of original beneficiary)
- Investment Choices—offers three investment options, more than any other national college savings program currently available
- Professionally Managed Portfolios—designed to outpace rising college costs and composed of some of Smith Barney's most well-known mutual funds

Contribution Limits

Investment Maximums

\$150,000 maximum contribution for all account owners on behalf of any one beneficiary

Two ways to reach maximum contribution *without triggering gift taxes*:

YEARLY		ONCE EVERY 5 YEARS ²	
Single	Married	Single	Married
\$10,000	\$20,000	\$50,000	\$100,000

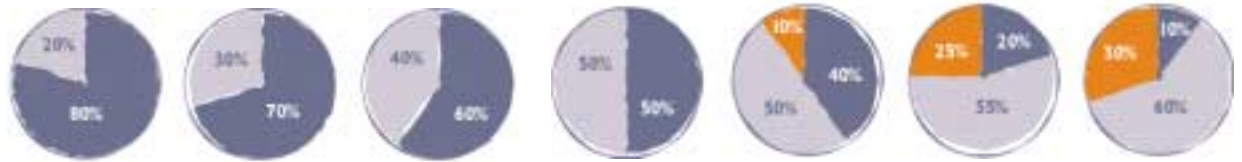
Investment Minimums

Initial	Subsequent	Automatic Funds Transfer
\$50	\$15	\$15

Investment Choices

OPTION 1: AGE-BASED

■ Stock Funds ■ Bond Funds ■ Money Market Funds



PORTFOLIO 1
Age 0 - 3

PORTFOLIO 2
Age 4 - 6

PORTFOLIO 3
Age 7 - 9

PORTFOLIO 4
Age 10 - 12

PORTFOLIO 5
Age 13 - 15

PORTFOLIO 6
Age 16 - 18

PORTFOLIO 7
Age 19 and older

Ticketing Symbols

SCP01

SCP02

SCP03

SCP04

SCP05

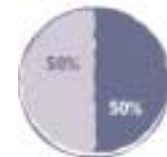
SCP06

SCP07

OPTION 2: YEARS TO ENROLLMENT

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

OPTION 3: BALANCED (PORTFOLIO 4)



■ Stock Funds ■ Bond Funds

¹Nonqualified withdrawals subject to 10% penalty.

²Counts as a \$10,000 gift for five years for gift tax purposes. Account owner cannot make further gifts to the same individual for the next four years without triggering gift taxes.

³If the beneficiary doesn't plan to use the money for over 12 years, it will still automatically move to the next portfolio in 3 years.

Examples

1. Client elects Age-Based Portfolios and indicates beneficiary is four years old: Purchase Scholars Choice Portfolio 2 (SCP02)
2. Client elects Years to Enrollment Portfolios and indicates the anticipated year of enrollment to be 2009—ten years away: Purchase Scholars Choice Portfolio 3 (SCP03)

Marketing Materials

- Client Brochure with account-opening documents (SCH8001)
- New #10 Envelope-sized Brochure (SCH2002)
- Lead-Generation Postcard (SCH0002)
- Bookmark (SCH0007)
- Digest-Sized Client Brochure (SCH2001)
- Prospecting Letter: FCI SCH
- Lasergram (SCH, #681)
- FC Whitepaper (SCH7001)
- Local Seminar Ad: FCI MKTG ADV/PHN

Sales Ideas

- Mail prospecting letter to all clients—can include bookmark (SCH0007) or #10 envelope-sized brochure (SCH2002)
- Send lead-generation postcard (SCH0002) to all clients, friends and relatives
- Imprint or stamp your name on the client-approved postcard and get permission to place in libraries, schools, community and daycare centers, pediatrician and orthodontists' offices, gyms, etc.
- Imprint postcards (SCH0002) and have them inserted into your local paper
- Target clients and prospects who have UGMAs or UTMAs at other firms
- Hold a Scholars Choice seminar—talk to your Smith Barney Mutual Funds Sales Director or Internal Wholesaler about the new Scholars Choice presentation

Opening an Account

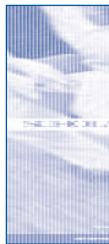
1. Fill out a Scholars Choice Application. No Client Agreement needed
2. Make sure client signs Application
3. Include the category code STP on the Application
4. Hand in Application at your Branch (*do not mail the Application in the Business Reply envelope*)
5. See FCI SCH "How to open an account" for more details

Whom to Call

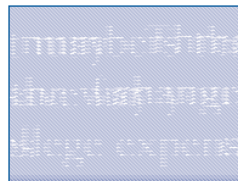
Your Smith Barney Mutual Funds Sales Director
Retirement & Financial Planning Sales Desk (212) 723-9210
Smith Barney Mutual Funds Sales Desk (800) 544-7835
Go to FCI: SCH to see a full list of available materials



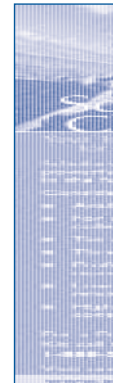
SCH 8001



SCH 2002



SCH 0002



SCH 0007



SCH 2001

 Smith Barney
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