OppenheimerFunds®
The Right Way
to Invest

College or Retirement?

With a Sound Strategy, You Can Have Both

Create a Strategy That Helps You Save for College *and* Retirement

College and retirement are two equally important, but completely different goals. Many families make the mistake of viewing their retirement savings as a source to fund a college education without realizing the negative impact this may have until they are closer to retiring. But the good news is that there is a way to save for both at the same time. Just as you make periodic contributions towards your retirement in an IRA or 401(k) plan, saving for a child's college education can be just as easy and affordable when you open a tax-advantaged 529 college savings plan. So, with a little bit of planning, you could have a good start on funding a college education, potentially reducing the amount you have to borrow from your retirement savings account.

The Coopers vs. The Murphys

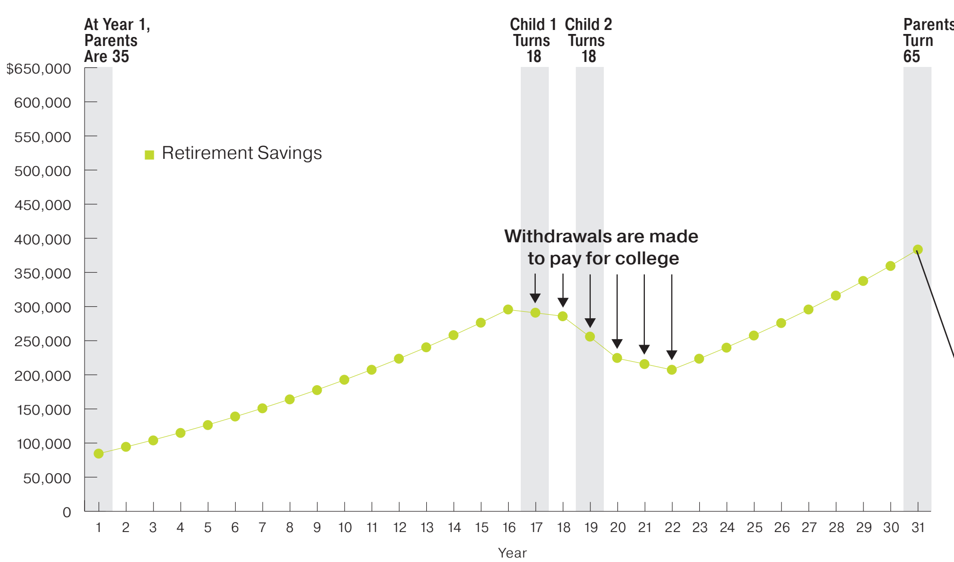
Two different approaches to saving for college and retirement

The Coopers[1]: The High Cost of Not Saving for College

The Coopers are both 35 and have two children, Susan, age 2, and their newborn, Sam. Larry and Jane have saved $75,000 for retirement through a 401(k), and plan on contributing annually over the next 30 years. They also plan to use some of that money to pay for college.

When Susan is ready for college, the Coopers will withdraw $25,000 annually to pay for college. In Susan's third year of college, Sam will start attending the same school. That means Larry and Jane will have to withdraw $50,000 to cover college expenses.

By the time both children have graduated, the Coopers will have depleted their retirement account by $200,000. Even with consistent annual contributions, their projected retirement account balance will only be $383,036 by the time they are ready to retire.



Retirement savings account has grown to **$383,036**

This chart from OppenheimerFunds, September 2012, is for illustrative purposes only. These hypothetical illustrations do not represent the performance of any specific investment. Investment contributions are based upon an average annual contribution of $5,570 into retirement savings vehicles; growth is determined by a 5% annual rate of return; and withdrawals represent the average cost of a public 4-year university. Systematic investing does not assure a profit and does not protect against loss in declining markets. Before investing, investors should evaluate their long-term financial ability to participate in such a plan.

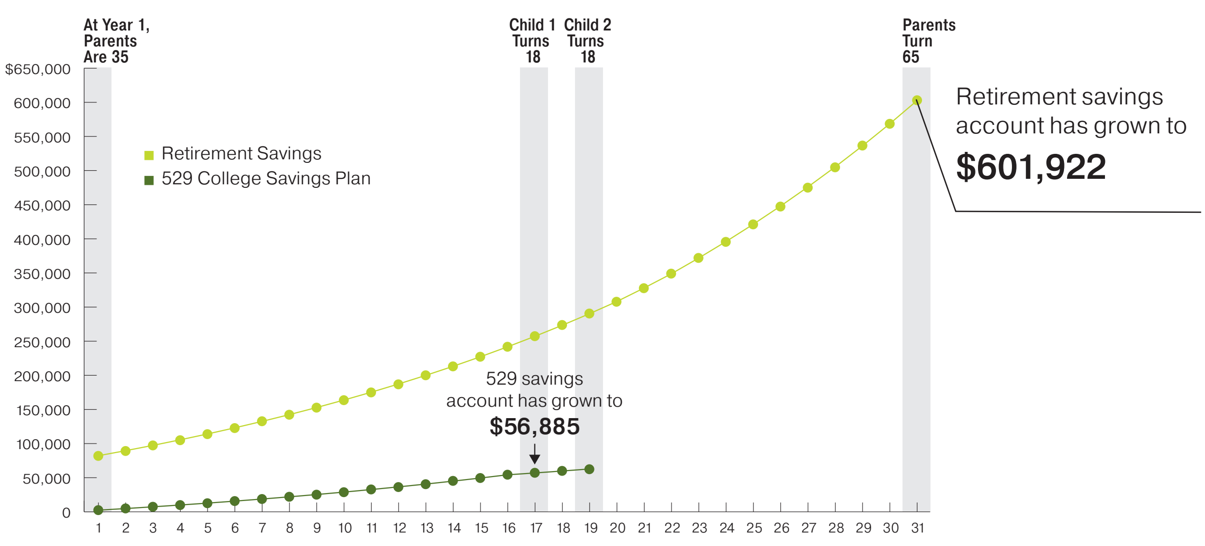
Are you a Cooper or a Murphy?

The Murphys[1]: Saving for Both College and Retirement May Pay Off

The Murphys are also 35 and have two children, Jason, age 2, and Jodie, their newborn. They have also saved $75,000 for retirement through a 401(k), but, unlike the Coopers, the Murphys recognize the importance of maintaining separate retirement and college savings accounts. They plan to divide their annual contributions between saving for retirement and 529 college savings plans for their children.

When Jodie turns 18, Robert and Rebecca plan to have enough money in their 529 plans to pay for more than two years of college, making it easier to stick with their plan to not withdraw any funds from their retirement account. Once Jodie graduates from college, they will be able to begin increasing the amount they contribute to their retirement account.

The Murphys' plan is designed to reduce the amount they will have to borrow to pay for their children's educations, and help protect their own retirement savings.



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Ask your financial advisor how a 529 plan can work for you.

Get an early start on developing a comprehensive financial plan that includes both college and retirement savings. Contact your financial advisor to learn how a 529 plan can work within your overall savings strategy.

1. The persons portrayed in this example are fictional. This material does not constitute a recommendation as to the suitability of any investment for any person or persons having circumstances similar to those portrayed, and a financial advisor should be consulted.

Investments in 529 college savings plans are neither FDIC insured nor guaranteed and may lose some value. Some states offer favorable tax treatment to their residents only if they invest in the state's own plan. Investors should consider before investing whether their or their designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program and should consult their tax advisor.

Before investing in a plan, investors should carefully consider the investment objectives, risks, charges and expenses associated with municipal fund securities. Plan disclosure documents contain this and other information about a plan, and may be obtained by asking your financial advisor, visiting oppenheimerfunds.com or calling 1 800 CALL OPP (225 5677). Investors should read these documents carefully before investing.

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