



Media Contact:

Brian Meehan

Celtic, Inc.

W: 262.789.7630, ext. 133

E: brianm@celticinc.com

FOR IMMEDIATE RELEASE

Families Encouraged to Invest Economic Stimulus Refund in 529 College Savings Plans

LEXINGTON, Ky. (April 30, 2008) – The College Savings Plans Network (CSPN), an affiliate of the National Association of State Treasurers (NAST), is strongly encouraging parents and grandparents to invest all or part of their economic stimulus refund in the future college education of their child or grandchild. As tuition continues to escalate at twice the rate of inflation, it is important for parents to invest now to make college more affordable and attainable for future generations.

The Internal Revenue Service (IRS) has begun sending economic stimulus payments to more than 130 million U.S. households. The payments are part of the Economic Stimulus Act of 2008, which was signed into law by the President in February. The Act is designed to stimulate the U.S. economy by putting money back into the hands of taxpayers, with the expectation that it will be re-invested in the economy through the purchase of goods and services.

“We understand that many families will use the money to pay off debt or take care of other household necessities,” said Jackie Williams, executive director of the Ohio Tuition Trust Authority and past chairwoman of CSPN. “But it’s also important to take a serious look at important financial priorities and specifically for families with young children, what it will take to pay for college. For a child born today, the cost of college could easily exceed \$100,000. In order to avoid huge student loans – and the ensuing debt placed on new college graduates – parents need to have a plan to overcome this financial hurdle. The first step is investing in a 529 college savings plan.”

A 529 plan is a tax-advantaged investment designed to encourage saving for the future higher education expenses of a designated beneficiary, typically a child or grandchild. The plans are named after Section 529 of the IRS code and are run by state agencies and their private-sector partners. In 2007, assets in 529 plans increased by more than \$24 billion dollars, the largest one-year increase in 529 plan history. More than

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ADD ONE: Families Encouraged to Invest in 529 College Savings Plans

10 million accounts have been opened nationally, and currently more than \$130 billion has been saved in 529 plans for the future higher education of America's youth.

529 plans offer significant tax incentives. Any growth in a 529 plan is exempt from federal taxes upon withdrawal, as long as the money is used for higher education expenses; many states offer the same tax incentive. In addition, many states allow annual deductions or credits from state income tax for money invested in 529 plans.

"There's really no better investment choice out there when it comes to saving for college," Williams said. "Families that start 529 plans today will alleviate the future financial strain of paying for college. Plus, they'll take an important first step to secure their child's future college education. I can't think of a better way to spend your refund dollars."

Anyone interested in learning more about saving for college is encouraged to visit *CollegeSavings.org*. The site is the leading authority on 529 college savings and prepaid programs. The site offers a number of useful tools including an investor education feature called *The 529 Classroom*. This special section explores the importance of saving for college and provides useful information about 529 plans. Visitors can quickly get up-to-speed through a series of frequently asked questions and other resources.

For those actively searching for a plan, CollegeSavings.org connects to every state-administered 529 plan. A highlight of the site is the *Compare 529 Plans* feature that allows visitors to compare plans by state or by specific feature.

To round out the site, CollegeSavings.org offers a host of information, including downloadable literature, relevant news articles and links to government and nonprofit sites. The *Additional Resources* section is packed with third-party resources that are free to visitors.

Founded in 1991, CSPN was established to make higher education more attainable. The Network serves as a clearinghouse for information among state-administered college savings programs. Additionally, CSPN monitors federal activities and promotes legislation that will positively affect Section 529 plans. To learn more about CSPN and 529 college savings plans, visit CollegeSavings.org.

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