

529 College Savings Plans Explained in Investor Awareness Brochure, October 2002

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New Brochure Available Free to the Public

Washington, DC, October 9, 2002 - What is a 529 plan? How much can be contributed to a 529 plan? What are the tax benefits? Can a grandparent contribute? What if I move to a new state after I invest in a state-sponsored 529 plan? These questions and many others are answered in a [new brochure](#) released today to help individuals better understand how state-sponsored 529 plans are helping millions of Americans save for higher education.

The 18-page brochure, prepared in partnership by the College Savings Plans Network, the North American Securities Administrators Association and the Investment Company Institute, explains how education costs outpace inflation, and stresses the importance of getting an early start on saving for higher education. The brochure also helps readers understand important income tax considerations of saving for higher education through state-sponsored 529 plans. It also provides answers to common questions about 529 plans, and offers a checklist of questions investors should ask before investing in a plan.

"Saving for higher education is an important long-term investment goal that is too often overlooked. While most parents today expect their children to receive a postsecondary education, research shows that only one-third say they expect to be prepared to pay for their child's education," Institute President Matthew P. Fink said.

"We are pleased to offer this brochure to encourage individuals to be better prepared to meet the costs of higher education," said Diana F. Cantor, chairman of the College Savings Plans Network and executive director of the Virginia College Savings Plan.

To encourage greater savings for education expenses and to make education financially accessible to more Americans, federal and state lawmakers have developed qualified tuition programs, 529 plans, which include both prepaid tuition plans and college saving plans. 529 plans are usually tax-exempt or tax-deferred at the state level, and many states also provide a significant tax deduction on annual contributions. In addition, recent tax law changes grant federal tax exemption on earnings used to pay for qualified higher education expenses.

"This brochure offers a good overview of 529 plans and should help parents understand how these plans might fit into their overall savings and investment strategy," said Christine A. Bruenn, Maine's Securities Administrator and President of the North American Securities Administrators Association.

To request a free copy of the brochure, write to the ICI Investor Awareness Program, P.O. Box 27849, Washington, DC 20038-7850. The brochure also is available on the Internet at the websites of the [College Savings Plans Network](#) and the [North American Securities Administrators Association](#).

The College Savings Plans Network, an affiliate of the National Association of State Treasurers, is the premier authority on 529 plans, accurately representing the plans and providing reliable information to families across the nation. The coalition of state-sponsored college savings plans offers a toll-free number, 1-877-CSPN-4-You (877-277-6496) to reach any state program.

The North American Securities Administrators Association (NASAA) is the oldest international organization devoted to investor protection. NASAA is a voluntary association whose membership consists of 66 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, Canada, and Mexico. In the United States, NASAA is the voice of the 50 state securities agencies responsible for efficient capital formation and grassroots investor protection.

The Investment Company Institute is the national association of the investment company industry. Its members include mutual funds,

closed-end funds, and sponsors of unit investment trusts. The Institute's website, www.ici.org, is an educational and reference tool for individuals seeking information about the mutual fund industry.

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