



NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

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FOR IMMEDIATE RELEASE

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TREASURER COWELL URGES IMPROVEMENTS FOR COLLEGE SAVINGS PLANS

RALEIGH – State Treasurer Janet Cowell urged congress this week to support legislation that will improve the structure of 529 College Savings Plans and boost participation in the plans by low- and moderate-income families.

The Savings Enhancement for Education in College Act will assist families saving for college and allow for greater flexibility to manage investments through 529 funds. More specifically, the bill sponsored by Rep. Earl Pomeroy and Rep. Patrick Tiberi, makes three important improvements to 529 Savings Plans:

- Encourages low- and moderate-income families to save for college by extending the existing SAVERS Credit, which currently only applies to retirement contributions, to these savings accounts. The current SAVERS Credit provides a tax credit of up to \$1,000 for an individual filer and \$2,000 for those filing jointly. Eligibility for this credit is limited to those with incomes at or below \$27,750 for an individual and \$55,500 for joint filers for 2009.
- Allows for the purchase of computers providing students with an essential tool in today's work and educational environments. The bill would make permanent the temporary change that allows 529 funds to pay for computers and related equipment.
- Provides greater flexibility to manage investments by account owners who, currently, may only adjust their investment allocation once a year regardless of changes in market conditions. As asset values in 529 plans fell last fall, many families found that they had already used their one opportunity.

As a board member of the N.C. Community College System and as a public official concerned about the accessibility of higher education in today's economic climate, Cowell said she feels it is important to ensure a college education is accessible. While many families are facing immediate economic concerns, they are still having conversations about how to put their children through college. This legislation adds to the conversation by giving them another tool to consider.

"This bill would give families more flexibility to respond to market conditions and allow 529 plan investment changes twice a year," Cowell said. "Additionally, by extending the tax credit families will have more incentive to save for their children's future."

A copy of the letter to Congressman Bob Etheridge is included.



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JANET COWELL, TREASURER

May 6, 2009

The Honorable Bob Etheridge
1533 Longworth House Office Building
Washington, DC 20515

Dear Representative Etheridge,

I write to urge you to co-sponsor H.R. 1351, the Savings Enhancement for Education in College Act, bi-partisan legislation which will improve the structure of 529 College Savings Plans and boost participation in the plans by low- and moderate-income families.

As a board member of the N.C. Community College System and as a public official concerned about the accessibility of higher education in today's economic climate, I understand the importance of making sure a college education is accessible.

H.R. 1351 will assist families saving for college and allow for greater flexibility to manage investments through 529 funds. More specifically, H.R. 1351 - sponsored by Rep. Earl Pomeroy and Rep. Patrick Tiberi - makes three important improvements to 529 Savings Plans:

- **Encourages low- and moderate-income families to save for college:** This bill would extend the existing SAVERs Credit, which currently applies to only retirement contributions, to contributions made to 529 accounts. This will help encourage more families of moderate and lower income levels to save for their children's college expenses in 529 accounts. The current SAVERs Credit provides a tax credit of up to \$1,000 for an individual filer and \$2,000 for those filing jointly. Eligibility for this credit is limited to those with incomes at or below \$27,750 for an individual and \$55,500 for joint filers for 2009.
- **Allows for the purchase of computers:** Understanding that a computer is an essential tool for today's college students, the bill would make permanent the temporary change that allows 529 funds to pay for computers and related equipment.
- **Provides greater flexibility to manage investments:** Currently, 529 account owners may only adjust their investment allocation once a year, regardless of changes in market conditions or the economy over the course of a year. As asset values in 529 plans fell last fall, many families found that they had already used their one opportunity. Treasury recently allowed adjustments twice a year, for 2009 only. Just as I seek increased investment flexibility to help maintain strong returns for the state pension fund, this bill would give families more flexibility to respond to market conditions and allow 529 plan investment changes twice a year.

I commend you on your years of dedicated involvement towards improving education and ask that you consider co-sponsoring H.R. 1351, the Savings Enhancement for Education in College Act.

Sincerely,

Janet Cowell
State Treasurer