

the education plan[®]
Save today for your child's tomorrow
New Mexico's 529 College Savings Plan

Why Bother Saving for College?

Because every dollar you save is a dollar you or your child won't have to borrow.

2

Impacts for Students


Undergraduate students who graduate with less debt have greater employment options and more opportunities for future education.

3

Impacts for Parents

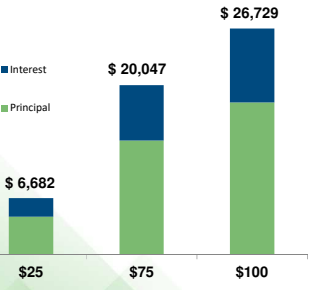
Tax Advantages

- Savings each year deductible on State return
- Gains each year not taxed on Federal return.



4

How much can I save?




Monthly Contribution	Total Amount Saved
\$25	\$6,682
\$75	\$20,047
\$100	\$26,729

Assumes monthly contributions and a 5% annual return.


Even Small Amounts Add-Up

It is important that you start early and continue to contribute. A family making monthly contributions over 15 years can accumulate a college savings fund and reduce the amount borrowed when the child is in college.



5

It is more than just the empty calories....



\$4,783.61

Skip that morning cup a joe just one day per week over 15 years.


Buy one fewer latte each week (\$4.15) at 5% return and you'll have \$4,783.61 for college.



6

Families with \$500 or less in college savings are **4 times** more likely to **attend** college, and **2 ½ times** more likely to **graduate** from college than those without such savings.


1-Center for Social Development, 2013, "Small-Dollar Children's Savings Accounts, Income, and College Outcomes", <https://csd.wustl.edu/publications/documents/wp13-06.pdf>



7

The Education Plan (TEP)


- **A College Savings Plan sponsored by the state of New Mexico**
- **529 is an IRS section code authorizing potential tax-advantaged college savings plans**
- **Helps families save for future higher education expenses**



8

Why Does the State of NM Offer a College Savings Plan?

The underlying interest of the state is having more kids going on to higher education – and coming out of college with less debt.



9

Who Can Open a TEP Account?

- **Parents**
- **Grandparents**
- **Aunts/Uncles**
- **Family Friends**



You Can Open a TEP Account for Anyone

- **Children**
- **Grandchildren**
- **Nieces/Nephews**
- **Friends**
- **Yourself**



Examples of Approved Expenses

- **Tuition**
- **Room/board**
- **Books**
- **Computers/printers/internet connection**



Where Can TEP Money Be Used

- **Nationwide**
- **At any higher ed institution that qualifies to receive federal financial aid for its students**

- Trade Schools
- 2-year colleges
- 4-year colleges
- Associates degree
- Undergraduate degrees
- Masters degrees
- Ph. D.

13



NM Lottery vs The Education Plan

Covered Expenses	NM Lottery Scholarship	The Education Plan
Tuition (state schools)	√	√
Tuition (schools nationwide)		√
Room/board		√
Books		√
Supplies		√
Equipment (ie laptop)		√

15



Do TEP Savings Effect Financial Aid?

Not a big impact

529 accounts opened by parents are reported on the FAFSA as a parental asset. Parental assets are assessed at a maximum rate of 5.64% in determining the students Expected Family Contribution.

15



What If the Child I Designate Decides Not to Go To College?

You can designate a new beneficiary. There is quite a bit of latitude (according to IRS definitions) of who can be designated – essentially a relative with one degree of separation up or down.

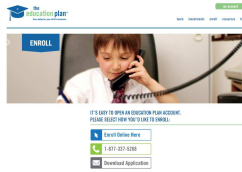
16



What Employees Do

1. Open a 529 account online (if no existing account)

Just 15 mins
As little as \$25

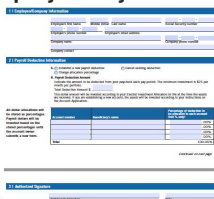


17



Setting Up Payroll Deductions

2. Complete Employee Payroll Deduction form



3. Submit form to payroll office

18



Diverse Investment Options

- **Age Based:**
Portfolios are managed according to the beneficiary's birth year with the asset allocation more conservative as the beneficiary nears college age.
- **Custom:**
For people with more investing experience and greater understanding of financial markets.

19



Tell Your Friends and Family

- Once you sign up for an account you will receive an email link that you can send to friends and family.
- This link allows them to deposit money into the account for your child's education for birthdays, holidays, graduations and any other event you want!

20



On-going Support

Visit TheEducationPlan.com
Call 877.EDPLAN8

Mikaela Roos
Director, TEP Outreach
Mikaela.Roos@state.nm.us
505.670.4748

Michelle Neill Tange
Outreach Coordinator
Michelle.tange@state.nm.us
505.340.2755

21