



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.

Impacts for Students



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

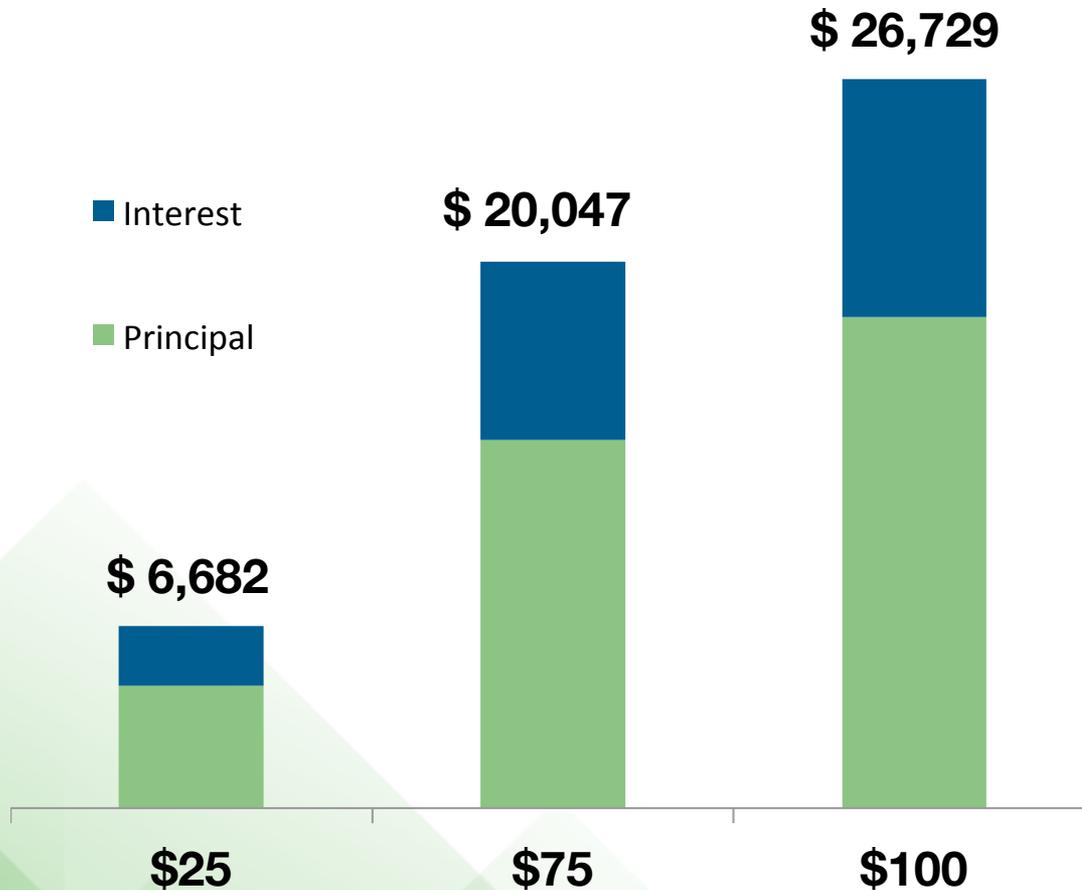
Impacts for Parents

Tax Advantages

Savings each year deductible on State return

Gains each year not taxed on Federal return.

How much can I save?



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.

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.

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>

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**

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.

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.

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)

√

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.

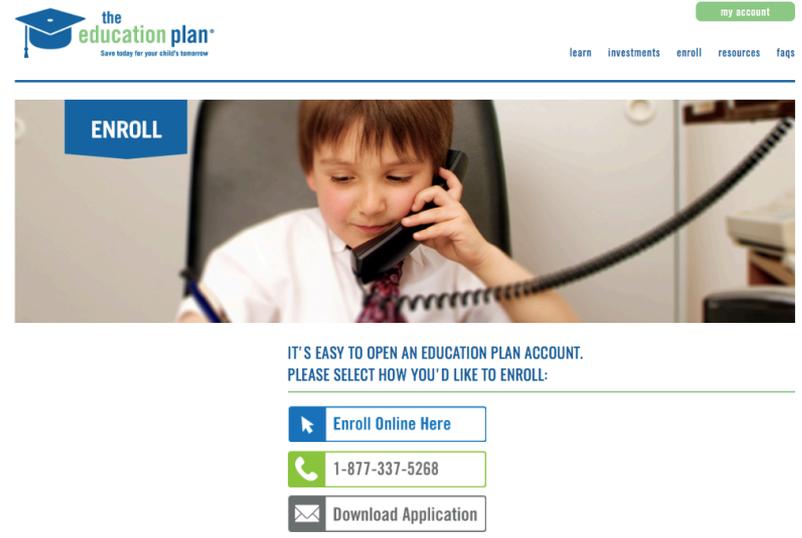
What If the Child I Designate Decides Not to Go To College?

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.

What Employees Do

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

Just 15 mins
As little as \$25



The screenshot shows the top navigation bar of the 'the education plan' website. The logo is on the left, and the tagline 'Save today for your child's tomorrow' is below it. On the right, there is a 'my account' link and a menu with 'learn', 'investments', 'enroll', 'resources', and 'faq's'. Below the navigation is a large banner image of a young boy in a white shirt talking on a black telephone. A blue 'ENROLL' button is overlaid on the top left of the banner. Below the banner, the text reads: 'IT'S EASY TO OPEN AN EDUCATION PLAN ACCOUNT. PLEASE SELECT HOW YOU'D LIKE TO ENROLL:'. There are three buttons: 'Enroll Online Here' (blue), '1-877-337-5268' (green with a phone icon), and 'Download Application' (grey with an envelope icon).

Setting Up Payroll Deductions

2. Complete Employee Payroll Deduction form

1 | Employee/Company Information

Employee's first name _____ Middle Initial _____ Last name _____ Social Security number _____
Employee's phone number _____ Employee's email address _____
Company name _____ Company phone number _____
Company contact _____

2 | Payroll Deduction Information

A. Establish a new payroll deduction Cancel existing deduction
 B. Change allocation percentage

B. Payroll Deduction Amount
Indicate the amount to be deducted from your paycheck each pay period. The minimum investment is \$25 per month per portfolio.
Total Deduction Amount \$ _____
This dollar amount will be invested according to your Elected Investment Allocation on file at the time the assets are received. If you are establishing a new account, the assets will be invested according to your instructions on the Account Application.

All dollar allocations will be stored as percentages. Payroll dollars will be invested based on the stored percentages until the account owner submits a new form.

Account number	Beneficiary's name	Percentage of deduction to be allocated to each account (full % only)
		.00%
		.00%
		.00%
		.00%
Total		100.00%

Continued on next page

3 | Authorized Signature

Employee's Signature _____ Date _____

3. Submit form to payroll office

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.

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!

On-going Support

Visit TheEducationPlan.com

Call 877.EDPLAN8

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