



OFFICE OF  
STATE TREASURER  
DENISE L. NAPIER

---

# NEWS

**FOR IMMEDIATE RELEASE**  
Thursday, March 29, 2001

## **TREASURER NAPIER BROADENS INVESTMENT OPTIONS FOR CONNECTICUT'S COLLEGE SAVINGS PROGRAM**

***Enhancements Give State Families Choices Based On Specific  
Needs and Investment Risk Tolerances; Program Enrollments  
Continue to Increase***

(Hartford) – One year after revamping and revitalizing Connecticut's college savings program and seeing new accounts grow by 70% in that time, Treasurer Denise L. Nappier has announced two new investment options which make CHET (Connecticut Higher Education Trust) even more appealing.

With the introduction of the new investment options, which include more aggressive and more conservative investment strategies, Connecticut families saving for future college expenses gain additional flexibility to choose investment vehicles which meet their particular needs, as well as their individual tolerance for investment risk.

"In today's investment and savings climate, consumers want choices," noted Nappier. "We recognize that families across the state have different economic circumstances, different time horizons for when college funds will be needed, and different comfort levels when assuming financial risk. The goal -- saving for college -- is the same, and CHET is designed to help families achieve that goal."

***"In today's investment and savings climate, consumers want choices. The goal – saving for college – is the same."***

Nappier said that CHET account owners will now be able to open accounts with a range of investment strategies, which should make the program even more attractive to families seeking to save money for children's education. Each of the options has a different investment objective: one is designed to achieve returns that exceed tuition inflation; another is designed to achieve a rate of return based largely on

Contact: **Bernard L. Kavalier, Director of Communication**  
(860) 702-3277 FAX (860) 702-3043  
[BERNARD.KAVALER@PO.STATE.CT.US](mailto:BERNARD.KAVALER@PO.STATE.CT.US)

---

equity market performance; the third is designed to preserve principal and furnish a return by providing a minimum rate of interest with the potential for additional interest.

Nappier noted that the number of CHET accounts has increased significantly during the past year to over 11,000, and CHET is now ranked as one of the top programs in the country. During January, 2001, a total of 731 new accounts was opened, surpassing the previous record of 548.

Some details of the investment options and CHET program are:

- The **Managed Allocation Option**, which had been the sole investment option, remains in place and is designed to achieve returns that exceed tuition inflation. The age-based investment portfolios under this option combine equity, bond and money market mutual funds. Managed Allocation investing follows the time-tested method of investing by using the number of years an investor has for saving to determine the appropriate investment allocation. The asset allocation within the investment portfolio changes as the child gets older. Younger beneficiaries will have a higher exposure to equities which will decrease significantly as they approach college age.
- The **High Equity Option** is designed to achieve a rate of return based largely on equity market performance, with the asset allocation most heavily weighted toward equities. The High Equity Option invests approximately 70% in an institutional growth and income fund, 10% in an international equity fund, and 20% in a bond fund.
- The **Principal Plus Interest Option** is designed to preserve principal and furnish a return by providing a minimum rate of interest with the potential for additional interest. It initially allocates contributions and earnings to a Money Market Fund, but, following regulatory approval, will subsequently allocate assets to an insurance product, which will guarantee to the CHET program trust principal and a minimum rate of return of 3 percent per year with the opportunity for additional returns.
- CHET account owners may utilize any or all of the three options for a beneficiary, but, once invested, funds cannot be transferred among options. There is no annual limit on the amount that may be contributed to an account.\*
- Funds from accounts may be used at any eligible higher-education institution in the U.S. and many abroad.
- Connecticut residents pay no federal or state income taxes on the earnings on their CHET account until they make a withdrawal. If a withdrawal is used



Contact: **Bernard L. Kavalier, Director of Communication**  
(860) 702-3277 FAX (860) 702-3043  
[BERNARD.KAVALER@PO.STATE.CT.US](mailto:BERNARD.KAVALER@PO.STATE.CT.US)

for qualified higher education expenses, earnings are then federally taxed at the student's rate, which is generally much lower than the rate of the account owner. Earnings used for qualified higher education expenses are exempt from Connecticut state income tax.

"Our top priority is to ensure that all Connecticut families have a well-designed, affordable, and accessible college savings program to help them meet the rising costs of higher education," said Nappier. "By adding these new options, we are continuing to keep CHET in the forefront of higher-education savings vehicles nationwide."

Nappier stressed that not just parents, but also other relatives and friends can open CHET accounts, and there is no limit on the number of accounts that can be opened for a child. Different accounts can employ different investment strategies.

Information about the CHET program and the new investment options can be obtained either by calling the toll-free telephone line, at **1-888-799-CHET**, or by visiting the CHET web site at [www.aboutchet.com](http://www.aboutchet.com).

-30-

\* Once the amount of \$235,000 is reached for all accounts for the same beneficiary, no further contribution may be made. The account may continue to grow beyond \$235,000, based on the performance of the investments in the program.

The Program Disclosure Booklet should be read carefully before opening an account. The State of Connecticut, its agencies, TFI and TIAA and its affiliates do not insure any account or guarantee its principal or investment return, except to the extent of the guarantee to the Program Trust from the TIAA-CREF Life Insurance Company under the Principal Plus Interest Option. Account values will fluctuate. Investments are made through Teachers Personal Investors Services, Inc., as distributor.