



**OFFICE OF
STATE TREASURER
DENISE L. NAPPIER**

NEWS

**FOR IMMEDIATE RELEASE
Friday, August 3, 2001**

COLLEGE SAVINGS PROGRAM TOPS \$100 MILLION IN ASSETS, NAPPIER IMPROVEMENTS ATTRACT RECORD NUMBER OF NEW FAMILIES

CHET, Connecticut's college savings program, has topped \$100 million in assets for the first time in its history. The milestone was reached this week, following a record-setting month in July, when 767 new accounts were opened, the most in any month since the program's inception in 1998.

There are now 14,227 CHET accounts, an increase of 115% since March 2000, when Treasurer Nappier revamped the State's college savings program. Assets have more than doubled during that time, from \$46 million to \$100.4 million. The revisions were designed to make the program more accessible and affordable for Connecticut families, following through on a commitment Nappier made during her campaign for State Treasurer.

The changes brought immediate results. In addition to the strong growth in accounts and assets, an independent analysis of state college savings programs featured in *USA Today* rated CHET as one of the top programs in the country and *MONEY* magazine recommended CHET for Connecticut residents.



"Our goal was to offer Connecticut families a premier investment program for higher education," Nappier said. "We are very encouraged by the response, because the ultimate beneficiaries are Connecticut's children. We will continue to do everything we can to keep CHET as one of the top programs in the country."

With that in mind, earlier this year the CHET program added two new investment options, offering a more aggressive and more conservative investment strategy. The new options provide Connecticut families saving for future college expenses additional flexibility to choose investment vehicles which meet their particular needs, as well as their individual tolerance for investment risk.

Nappier said that CHET account owners are now able to open accounts with a range of investment strategies, which is helping to make the program even more attractive to families looking to save money for a child's education. Each of the options has a

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

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 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.

The CHET program had \$46 million in assets when the program was re-opened in March 2000, and a total of 6,584 accounts. The previous one-month high for new accounts was in January, 2001, when a total of 731 new accounts were opened.

CHET is a higher education savings program, known as a Section 529 plan, that is managed for the State Treasurer's Office by TIAA-CREF, Tuition Financing, Inc. CHET is designed to offer investors a tax-advantaged way to save and invest for higher education. Funds may be used to pay for qualified higher education expenses (tuition, books, room and board, and equipment required for college enrollment) at any eligible institution in the United States and even some overseas.

When used for qualified higher education expenses, earnings are exempt from Connecticut State income taxes and recent changes in federal law, set to begin in January 2002, have enhanced federal tax treatment for contributions to CHET accounts. Among the changes are federally tax-free withdrawals, some increases in room and board allowances, permitting first cousins as well as siblings to receive account rollovers, and more flexibility in transferring between similar 529 savings plans.

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 (2438)**, or by visiting the CHET web site at www.aboutchet.com.