



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

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# **NEWS**

**FOR IMMEDIATE RELEASE  
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## **CONNECTICUT'S 529 COLLEGE SAVINGS PROGRAM TOPS \$150 MILLION IN ASSETS, SURPASSES 20,000 ACCOUNTS**

### ***Nappier Improvements to CHET Connecticut's 529 College Savings Program, New Tax Advantages Help Attract Record Number of New Families***

Connecticut's 529 college savings program, for the first time in its history, has topped \$150 million in assets and 20,000 accounts, and has been highlighted by the *Wall Street Journal* as one of the "best performers" among state 529 college savings programs across the country.

"Our goal is to offer Connecticut families a premier investment program for higher education, and encourage people to save for college," Nappier said. "We are very pleased 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."

During 2001, the CHET (Connecticut Higher Education Trust) program added two new investment options, offering a more aggressive and more conservative investment strategy to its existing age-based 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.

The Wall Street Journal compared the performance of 529 college savings programs that are now offered by virtually every state in the nation. Comparing the investment performance for funds invested for children who turned 5 years old in 2001, the Journal ranked Connecticut's CHET program as the #6 program in the nation, in a category it described as "best performers." The Journal comparison was published on Friday, January 25, 2002.

Previously, 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.

### **Record Number of Accounts Opened in December**

During the first 11 months of 2001, CHET averaged 651 new accounts per month. In December 2001, a total of 1,450 new accounts were opened, and CHET accounts saw \$13.9 million in new net deposits. There are now 20,158 CHET accounts, an increase of more than 200% since March 2000 when Treasurer Nappier revamped the State's college savings program, making it more affordable and accessible to Connecticut families.

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Effective January 1, 2002, changes in federal tax law make all CHET account earnings tax free when used for qualified education expenses. The new tax changes, building on previous changes to the programs' affordability and flexibility, have helped to make it an attractive investment vehicle for families saving for college.

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 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.



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 state and federal income taxes. Among other changes that took effect on January 1, 2002 with the new federal tax law are some increases in room and board allowances, permitting first cousins as well as siblings to receive account rollovers, the ability to transfer assets between investment options once per calendar year, 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](http://www.aboutchet.com).

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