



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

NEWS

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COLLEGE SAVINGS ACCOUNTS CAN NOW BE OPENED ON THE INTERNET IN CONNECTICUT'S CHET PROGRAM

Nappier Improvements to Connecticut's 529 College Savings Program, New Tax Advantages, Continue to Attract Record Numbers

Connecticut State Treasurer Denise L. Nappier announced today that families are now able to sign up for, and contribute to, a CHET 529 college savings account on the Internet. The new electronic access to CHET accounts coincides with a new milestone for CHET, Connecticut's 529 College Savings Program-- for the first time in its history, the program has topped \$200 million in assets and 25,000 accounts.

On-line enrollment, now available on the CHET web site, www.aboutchet.com, is the latest in a series of improvements that Treasurer Nappier has made during her administration, including reductions in fees, lower initial contributions and additional investment options.

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



In just over a week of on-line enrollment – even before the feature was formally launched – nearly one hundred new CHET accounts have been opened by individuals using the CHET web site. On-line enrollment permits individuals to open CHET accounts by following step-by-step prompts on the CHET web site, including an option for authorizing electronic transfer of payments. Use of the web site eliminates, for those who prefer it, the need for traditional paperwork to open accounts. Access to on-line enrollment is easy, and providing the required account information usually takes about 10 minutes to complete.

CHET was created by the Connecticut General Assembly in 1998, and its growth accelerated after a series of changes were made to the program by Treasurer Nappier in 2000. During 2001, for example, the number of accounts and assets more than doubled. (The year began with 9,711 accounts and \$71.7 million in assets.) The program surpassed 20,000 accounts and \$150 million in assets in January 2002, just four months ago, and reached the new milestones this week.

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Changes this year in federal tax law now make all CHET account earnings tax-free when used for qualified education expenses. The new tax changes build on previous changes to the CHET programs' affordability and flexibility, initiated by Treasurer Nappier, that have helped to make it an attractive investment vehicle for families saving for college.

Other recent improvements to the CHET (Connecticut Higher Education Trust) program include the addition of two new investment options last year, offering a more aggressive and more conservative investment strategy to its existing age-based investment strategy. The new options provide account owners with additional flexibility to choose investment vehicles which meet their particular needs, as well as their individual tolerance for investment risk. Among the investment options, 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.

Earlier this year, 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."

Nappier said that the range of investment strategies, online enrollment and low contribution threshold are all helping to make the program even more attractive and accessible for families looking to save money for a child's education.

CHET is a higher education savings program, known as a Section 529 plan, 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 at: **1-888-799-CHET (2438)**, or by visiting the CHET Web site at: **www.aboutchet.com**

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