



OFFICE OF
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DENISE L. NAPIER

NEWS

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September is College Savings Month; Connecticut's CHET Program Provides Investment Options, Tax Benefits, Low Fees

Connecticut Treasurer Denise L. Nappier has joined the College Savings Plans Network in recognizing September 2003 as "College Savings Month". State college savings programs (Section 529 plans) make it easy and affordable for the average family to plan ahead for the cost of college attendance and are available in all 50 states and the District of Columbia.

"Our goal is to offer Connecticut families a premier investment program for higher education, and to encourage people to save for college and reduce, if not eliminate, the potential for heavy future debt associated with the rising costs of 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."



The Connecticut Higher Education Trust (CHET), Connecticut's 529 college savings program, ended August with \$345.9 million in assets and 36,202 accounts. That compares with just over 4,000 accounts when Treasurer Nappier took office in 1999. More than 500 new accounts were opened last month, and more than 12,900 during 2002. In addition, more than 375 Connecticut companies offer payroll deduction for CHET contributions by their employees.

The CHET program web site www.aboutchet.com, now offers on-line enrollment and a range of newly enhanced services for existing and prospective account owners. More than one-third of CHET accounts established during the past year have been opened on-line, and account owners can securely access account information on the program's website.

Activities will be held during September throughout the nation to recognize the importance of saving for college. The CHET program will be represented at numerous public events during September, including the Juvenile Diabetes Research Foundation Walk to Cure on September 21. In addition, five Connecticut school districts will be distributing CHET materials to over 5,000 students during college savings month. Generally, state 529 college savings plans offer great benefits, including:

- Tax-advantages: earnings accumulate tax-deferred, tax-free withdrawals, and generous estate and gift tax treatment
- Multiple investment options: a full-range of investment options allows you to invest in a portfolio that best fits your needs
- Control: account owners maintain control of the assets
- Flexibility: funds can be used at any accredited college or university for tuition, room and board, books, fees and more

CONTACT: **BERNARD L. KAVALER**
DIRECTOR OF COMMUNICATION
(860) 702-3277 FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US

CONNECTICUT'S CHET PROGRAM REDUCES FEES

In addition, Connecticut's 529 program has been nationally recognized, and offers among the lowest fees in the nation for such programs. A year ago, the fee charged CHET account owners -- which had been reduced in 2000 when other accompanying account charges were eliminated by Nappier -- was reduced again, by about 10%, to the lowest level in the programs history and among the lowest in the country. The fee charge had been .79 percent since March 2000 and now ranges from .69 to .71 percent. In addition, CHET has no sales charges, and no charges to open an account -- a key difference with many other state 529 funds.

A December 2002 *New York Times* review of 529 funds, using age-based funds for a child at age 5, determined CHET as among the "best performers" during 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, the *Wall Street Journal* identified CHET as a "best performer" and *MONEY* magazine recommended CHET for Connecticut residents.

"One of the distinctions of CHET is the low fees, as well as the significant tax advantages and the range of investment options to accommodate different risk tolerances," Nappier said.

Through state college savings programs, more than 5.5 million accounts have been opened nationwide. The savings plans, which offer a market rate of return, allow participants to save money in a special college savings account that can be used for educational expenses, which include tuition, room, board, books and fees. State college savings programs are usually tax-exempt or tax-deferred at the state level, and many states also provide additional incentives. At the federal level, Congress made the programs tax-exempt under Internal Revenue Code Section 529.



"Beyond the financial benefits inherent in Section 529 programs, participation in these plans send a powerful message to children that says a college education is worth saving for, worth budgeting for, and, in many cases, worth sacrificing for," said CSPN Chairman Diana F. Cantor, Executive Director of the Virginia College Savings Plan.

Nappier also noted that with every state in the nation now offering 529 college savings programs, and many of them being marketed across state boundaries, federal regulators are imposing greater disclosure requirements on the programs to help safeguard consumers. Securities firms and banks that market 529 college savings plans and other forms of municipal fund securities must comply with the fair practice and other rules of the Municipal Securities Rulemaking Board (MSRB). The MSRB was established in 1975 by Congress to develop rules regulating securities firms and banks involved in underwriting, trading and selling municipal securities.

The College Savings Plans Network is an affiliate of the National Association of State Treasurers, is the premier authority on these programs, accurately representing the plans and providing reliable information to families across the nation. The coalition of the state-sponsored college savings plans offers a toll-free number, 877-CSPN-4-YOU (877-277-6496) to reach most state programs. Additionally, families can get more information online at www.collegesavings.org. For information on Connecticut's college savings program, individuals can call 888-799-CHET or visit www.aboutchet.com

"If you are not a Connecticut resident or if you have taxable income in another state, consider whether the other state offers a 529 plan with favorable state income tax or other benefits not available if you invest in CHET. Some information in this press release was compiled by The New York Times, USA Today, The Wall Street Journal, and Money Magazine. The program Disclosure Booklet should be read carefully before opening an account. The State of Connecticut, its agencies, TIAA-CREF Tuition Financing, Inc., Teachers Insurance and Annuity Association of America and its affiliates do not insure any account or guarantee its principal or investment return. Account values will fluctuate based upon a number of factors, including general financial market conditions. Investments are made through Teachers Personal Investors Services, Inc., as distributor.

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