



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

---

# NEWS

**FOR IMMEDIATE RELEASE**

Thursday, September 15, 2005

## **Connecticut's CHET College Savings Program Marks "College Savings Month" with College Savings Seminars, Special Programs; Investment Options, Tax Benefits Help People Meet Rising Tuition Costs**

In kicking off Connecticut's observance of national "College Savings Month," Connecticut Treasurer Denise L. Nappier said that increases in college tuition make saving for the costs of higher education "more imperative than ever." Speaking at events in West Hartford and Cheshire, Connecticut's chief elected financial official stressed the importance of beginning a savings program when children are young, and said that Connecticut's college savings program, the Connecticut Higher Education Trust (CHET), provides an effective way to save.

Nappier, joined by State Commissioner of Higher Education Valerie F. Lewis, Commissioner of Education Betty Sternberg, representatives of TIAA-CREF Tuition Financing Inc., the Connecticut Library Consortium, and local officials, also announced a series of activities and special programs to be conducted in Connecticut in the coming weeks to increase awareness of CHET and the importance of saving for college.



"Saving today to pay for the costs of a college education tomorrow is one of the soundest investments that can be made in the future of our young people," Treasurer Nappier said. "Especially during College Savings Month, we need to underscore the importance of beginning to save sooner rather than later."

### **Costs of College Continue to Increase; More People Save with CHET**

Recent statistics indicate that the total charges (including tuition, fees, and room and board) for a four-year public college increased by 7.8% a year ago, with the cost of four-year private universities increasing 5.6% nationwide. Nappier said "those increases are more than double the overall rate of inflation and more than triple the average increase in wages."

"Saving for college early is one of the most important things families can do for their children," Commissioner Lewis said. "As college costs escalate, families need ever-growing resources to keep up. Starting savings while children are still young, no matter what amount, is the way to build a nest egg for college. We are fortunate in Connecticut to have CHET, a ready-made tool for doing so. As a grandparent, I've begun my own CHET accounts -- CHET offers a convenient and effective means of investment in your family's future."

State college savings programs (Section 529 plans) make it easier and more affordable for the average family to plan ahead for the cost of college attendance and are available in all 50 states, providing tax advantages and other incentives. Earnings on the investments in CHET, for example,

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

are free from federal and Connecticut income taxes. Withdrawals used for qualified expenses, including tuition, room and board, are free of both federal and Connecticut income taxes. A CHET account may be opened with as little as \$25, and can be made using automatic deposit or payroll deduction through participating employers.

CHET ended August with \$610.3 million in assets in 46,901 accounts, compared with just over 4,000 accounts when Treasurer Nappier took office in 1999. In addition, more than 375 Connecticut companies and more than a dozen municipalities offer payroll deduction for CHET contributions by their employees. The CHET program web site [www.aboutchet.com](http://www.aboutchet.com), offers on-line enrollment and describes the range of CHET investment options.

"Educators throughout Connecticut speak passionately about the importance of having high expectations for all children," said Dr. Betty J. Sternberg, Commissioner of Education. "I believe it is important for parents, other family members and teachers to begin talking to children about going to college as early as the early elementary grades. Part of having high expectations is planning to pay for college, and in this effort the State of Connecticut does a wonderful job partnering with parents and families through the CHET college savings program. I couldn't recommend it more highly."

### **CHET to Offer College Savings Seminars at Libraries, Special Admission to Museums**

Through the Connecticut Library Consortium, the CHET program will be offering a series of free College Savings Seminars at public libraries throughout Connecticut beginning this month. The seminars, conducted by a certified financial planner, will provide essential information about options available to save for future higher education costs. Among the libraries that have scheduled seminars thus far are: Branford, Cheshire, Derby, New Fairfield, New London, Southington, and West Hartford. Dates will be available on the library and CHET web sites.

"Public libraries in the CT Library Consortium are looking forward to hosting CHET's college savings seminars this fall," said Christine Bradley, Executive Director of the Connecticut Library Consortium. "Connecticut's families use their public libraries to find information about higher education, and, with the CHET seminars, they can also learn how to afford it. The toddlers who are now enrolled in library story hours will be enrolling in college before we know it. This is why public libraries are pleased to join CHET in encouraging families to begin college savings programs as early as possible. Just as librarians try to hook children on reading as soon as they can, we applaud the Treasurer's efforts to hook them on saving as well."

In addition to the seminars, most public libraries in Connecticut will have educational material about the CHET program and college savings 529 plans. Businesses or organizations interested in having a CHET representative speak to their employees or local residents, can call CHET representative Michael Hall at 203-363-2220 to schedule a seminar or to obtain information.

To promote CHET during College Savings Month, a number of family attractions in Connecticut will be offering special programs that will include a representative of the CHET program on-site to talk about CHET and college savings, along with a limited number of free admissions to the facility. Participating venues include:

- ***Science Center of Connecticut*** - (950 Trout Brook Drive, West Hartford) – Saturday, September 17, 11 AM to 2 PM;
- ***Beardsley Zoo*** - (1875 Nobel Avenue, Bridgeport) – Saturday, September 24, 10 AM to 2 PM;
- ***Stepping Stone Museum for Children*** - (303 West Avenue, Norwalk) – Friday, September 30, 6 to 8:30 PM.

## **New Account Owners to Receive *Office Max* Gift Card**

During College Savings Month, and continuing through October 17, families that open new CHET accounts with initial contributions totaling \$100 will receive a free \$50 Office Max gift card, which can be used for school supplies or other expenses. Additional information about the gift card offer is available by calling 1-800-799-CHET.

## **"529" Programs Help Families Save for College Expenses, Provide Tax Incentives**

More than 7.4 million accounts have been opened in state college savings programs nationwide. The savings plans offer 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 virtually any accredited college or university for tuition, room and board, books, fees and more.

Connecticut's CHET program has no sales charges, and no charges to open an account – a key difference from many other state 529 funds. The management fee charged cannot exceed 0.79% of the average daily net assets, which is lower than many 529 programs. The fees currently range between 0.69% to 0.71%, based on the investment option selected.

A CHET account can be opened for a child by any individual, such as a grandparent, family friend or neighbor. "Statistics show that college graduates annually earn nearly double on average when compared with those whose education ended with a high school diploma. Therefore, accumulating the financial resources to pay the escalating costs of a college education can reap benefits for a lifetime," Nappier said.

## **Nappier Calls on Congress to Renew Tax Incentive**

Nappier called on Congress to take action in the current session to extend the federal income tax exemption for state college savings programs, which is set to expire in 2010.

"Among the many savings options available to families, 529 programs such as CHET provide significant tax advantages," Nappier said. "These programs have become a central college savings component for millions of families, and Congress should extend the tax exemption permanently."

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, which is consistent with the approach she's taken regarding CHET since day one.

The CHET Web site - [www.aboutchet.com](http://www.aboutchet.com) - provides complete information and includes an on-line enrollment feature. Information and applications can also be obtained by calling 1-888-799-CHET (2438).