



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

NEWS

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Graduation: a Great Time to Save for College *Treasurer urges families to evaluate their college savings strategies*

HARTFORD, CT – As students prepare to receive their report cards and diplomas at the end of this school year, Connecticut State Treasurer Denise L. Nappier is encouraging Connecticut families with young children to take time to grade their own college savings strategies. Nappier is trustee for the Connecticut Higher Education Trust (CHET), the state's 529 college savings plan, which last year saw record contributions of \$230 million and overall program growth to more than \$1 billion.

“When young children graduate, it's natural for families to think about the very next step – for example, going from preschool to middle school, or from middle school to high school,” Nappier said. “But really, they should also be thinking about their children's ultimate education goal – college. And that means planning for tuition costs -- now. Saving early is the best way to plan for upcoming college expenses, no matter how far away they may seem.”

According to College Board, college tuition costs are rising nearly 6 percent every year – outpacing the rate of inflation – so it's critical that parents and extended family member start the planning process early. CHET is an excellent way for parents to get started and enhance their college savings portfolios.

A Flexible Savings Plan

Flexibility is an important characteristic of a 529 college savings plan. The best plans offer several investment options (CHET offers eight) as well as large contribution amounts (CHET goes up to \$300,000). CHET also enables families to open an account for as little as \$25. Low program fees are another attractive benefit, and CHET has some of the lowest program fees in the country.

Involve Friends and Family

CHET can also be a good gift opportunity. The gift of education can be extremely valuable, and even small donations can help increase the overall investment. Family and friends can download gift certificates from the CHET website, or even open a 529 account in lieu of, or to complement, other gifts this graduation season.

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Grandparents may also want to open a 529 college savings account, such as CHET, as a wealth management tool. These gifts can help reduce the taxable value of an estate. They are urged to consult one of CHET's phone representatives for more details*.

Schedule a Regular Contribution

Individuals should consider an automatic savings or payroll deduction plan as an easy way to save. The money can be drawn from a bank account or paycheck on a regular basis and contributed to a CHET account. Payroll deductions can be as little as \$15 per paycheck. By doing this automatically, parents no longer have to think about or plan ahead for such contributions.

Increase Overall Contributions

When families receive an annual raise or cost-of-living increase – or perhaps a stimulus check this spring –it may be a good time to increase their monthly 529 contributions. Using this additional money can be an efficient way to save for college.

Opportunities to Teach

While children are on summer break, Nappier advises parents to encourage their children to keep learning about finances and savings. In this spirit, children who receive monetary graduation gifts can be encouraged to add this money to an existing CHET account.

“Financial literacy can and should start as soon as a child can count,” Nappier said. “Introducing children to money management concepts and how saving works, including information about 529 college savings plans, can help children understand why saving for college is important and how they can help. Parents often underestimate how fun and exciting it can be for a child to see his or her ‘wealth’ accumulate.”

Financial Education Opportunities for Youth

While parents begin making contributions to a CHET account and inviting children to help build their college savings account, the Connecticut Treasury offers other ways children can enjoy financial education activities. (Go to www.state.ct.us/OTT/.)

Financial Football, for example, is an online electronic football game in which students choose teams and answer finance-related questions to earn yardage and score points.

Scruples Youth Financial Education Animation Videos, a joint project between The Treasurer's Office and the Hartford Animation Institute (HAI), offers the Scruples Kids in animated cartoons promoting responsible money habits for kids. The kids perform raps called “Big-Time Saver,” “Save Your Money,” and “Payin’ My Debt.”

Young Money Magazines are magazines for young adult produced by the InCharge Foundation that focus on personal finance tips and advice, career planning, and feature stories on national teen and young adult celebrities. They are made available each quarter through the Office of the State Treasurer.

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Consider the investment objectives, risks, charges and expenses before investing in the Connecticut Higher Education Trust College Savings Program. Please call toll-free 1-888-799-2438 for a Disclosure Booklet containing this information. Read it carefully.

Before investing in a 529 plan, you should consider whether the state you or your designated beneficiary reside in or have taxable income in has a 529 plan that offers favorable state income tax or other benefits that are only available if you invest in that state's 529 plan.

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