



The Office Of State Treasurer
Denise L. Nappier

News

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NEARLY 56,000 STUDENTS GO TO COLLEGE WITH CHET *Treasurer Nappier Leaves Her Mark on State's 529 College Savings Plan*

HARTFORD, CT – Since State Treasurer Denise L. Nappier took office, the Connecticut Higher Education Trust (CHET), Connecticut's 529 college savings program, has helped nearly 56,000 students attend college and has made contributions of almost \$5.5 million to CHET account owners through its *Advance* Scholarship, Baby Scholars and Dream Big initiatives, Treasurer Nappier said today.

Treasurer Nappier, Trustee of CHET, has made it a mission of her administration to help Connecticut families save for college and has made CHET a top priority in her office.

“As I prepare to leave office, it is gratifying to know that CHET is in such strong shape,” Treasurer Nappier said. “My goal from day one was to offer Connecticut families a premier investment program for higher education. We have worked successfully to provide solid investments, lower fees, and greater access for citizens throughout the State. You can't go wrong if you Check CHET Out!”

CHET was established in 1997. Since Treasurer Nappier took office in 1999, she has negotiated five substantial reductions in plan management fees for the CHET direct-sold accounts and spearheaded the campaign for a state income tax deduction, which won legislative approval in 2006.

CHET now offers some of the lowest fees among state-sponsored college savings plans, making it an affordable and accessible investment option for families. In addition, Connecticut taxpayers are eligible to receive a Connecticut income tax deduction of up to \$10,000 on contributions made to CHET.

CHET has seen a 40 percent reduction in plan management fees in the last six years alone. At the start of Treasurer Nappier's administration, fees were 1.55 percent of assets for all participants; today asset-based fees for the most common investment options range from .35 to .48 percent of assets.

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When Treasurer Nappier took office, she quickly determined that the program was in serious financial distress and its manager needed to be removed due to improper practices tied to the misdeeds of her predecessor. CHET's continued existence was in question. Working with her deputy and general counsel, she addressed the mismanagement, putting a halt on new accounts, preparing and issuing a Request for Proposals for a new program manager, and then negotiating a first-class 529 college savings program in record time. CHET opened for business again six months after the problems surfaced. Its annual account fee was eliminated along with a reduction in the minimum required to open an account from \$500 to \$25.

The changes implemented by Treasurer Nappier early on in her administration, including the replacement of the plan manager with TIAA-CREF Tuition Financing Inc., brought immediate results: in just two years the number of participants increased 58 percent and an independent analysis of state college savings programs featured in USA Today rated CHET one of the top programs in the country. Today the number of account owners has grown from 4,000 to more than 152,000 and Morningstar, a leading investment research firm that monitors college savings plans across the country, recently affirmed a bronze medal rating for the CHET direct-sold plan.

Other CHET achievements during the Nappier administration include:

- CHET'S assets under management have grown from \$18.5 million when Treasurer Nappier took office to \$3.6 billion, as of October 31, 2018. On top of that number, approximately \$2 billion in qualified withdrawals have been taken to cover college expenses for nearly 56,000 students attending nearly every public and private college in Connecticut and several out-of-state schools.
- In 2013, Treasurer Nappier created the CHET *Advance* Scholarship, which has provided 1,200 students with scholarships of up to \$2,500, primarily ninth graders and seniors. "Nowadays, education is crucial for anybody and having access to college savings through CHET is instrumental. Anything you can do to help prepare yourself and be ready for college is the best thing you can do," said Jeff Gutsfeld, parent of a CHET *Advance* Scholarship winner.
- The Treasury, in conjunction with the Governor's Office, launched the CHET Baby Scholars Program in 2014. Newborns residing in Connecticut are eligible to have a grant in the amount of \$100 deposited into their CHET account. And, if an additional \$150 is saved in the account by the time the child is four, the family is eligible to receive an additional \$150. Since CHET Baby Scholars started, the total number of participants is 8,975, and the total distributed to their CHET accounts is \$2.2 million. As of September 30, 2018, the value of all CHET Baby Scholars accounts was \$50.9 million.
- In the CHET Dream Big! Competition, a drawing and essay contest, a total of 724 students have been selected as winners since inception 11 years ago. Nearly \$240,000 has been deposited into their CHET accounts. Over the 11 years, 34,935 kindergartners through eighth graders have entered the competition. "This award is a stepping off point. In today's society you can't make a good living without a college education and this

provides a solid savings foundation that we can continue to build on,” said Jill Johnson, parent of a CHET Dream Big! winner.

“It has been my distinct honor and pleasure to support Connecticut families throughout their college savings journey. I’m extremely proud of the programs that have been launched and continue to flourish to further help families pay for college,” said Treasurer Nappier. “Knowing that CHET is here to help lessen families’ financial burden -- while helping their children achieve their dreams -- is a tremendous feeling. Moreover, CHET is important not only to Connecticut families who need to save for the rising cost of college, but also to the viability of our State’s economy, with an educated workforce a key factor.”

About CHET

CHET is administered by the Office of Connecticut State Treasurer Denise L. Nappier. The direct-sold plan is managed by TIAA-CREF Tuition Financing, Inc. The Hartford Funds manages the CHET Advisor plan, which began operating in October 2010.

Funds saved in a CHET account can be used at accredited colleges, universities, and vocational trade schools across the country for qualified higher education expenses. Some colleges abroad are also eligible. Earnings are free from federal and state income tax when used for qualified expenses.

Earlier this year, when Morningstar affirmed a bronze medal rating for the CHET direct-sold plan, it wrote, “The age-based portfolios are especially compelling relative to other states’ age-based portfolios that mix active and passive strategies. Plus, Connecticut residents enjoy state tax benefits. Couples filing jointly can deduct up to \$10,000 from their income, up to 6.7% of which may be taxed by the state. College savers taking advantage of this benefit should do well with this plan.”

For more information about CHET Direct, visit www.aboutchet.com or call the customer service center at (866) 314-3939.

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