



PLANNING



Struggling To Save For Your Child's Education? Ⓟ

by *Doug Brown and Patrick Lulley* (NAPSA)—Over the years, the rising cost of a college education—including at many of the nation's leading private colleges and universities—has discouraged many of the country's brightest students. For some, the life-long pressure of debt can detract from the benefits of a four-year college degree. And the fear of insurmountable debt is real.

According to the College Board, costs at private colleges rose approximately 5.6 percent to \$27,516 per year in 2004. These increases are coming at a time when federal aid is dwindling and families are being forced to make tough choices about saving for retirement, future medical expenses and college educations.

It isn't as bad as it may seem, though. A four-year, private school education at schools like Vanderbilt, MIT or Stanford is not out of reach for American families. Some schools, including Princeton, have announced tuition reductions and freezes for low-income and even middle-class families. There are many education savings options out there, including the Independent 529 Plan, which let parents lock in tuition costs at hundreds of the country's leading private institutions at less than today's cost.

Named a "Best Product" by Business Week in 2003, the Independent 529 Plan lets families buy tuition at a discount from today's rates—in the form of a "tuition certificate"—rather than rely on investment gains to pay for tuition later.

The plan provides federal tax-free benefits for qualified withdrawals which include tuition and mandatory fees. Participating colleges pay all fees and may offer a discount for families so that future tuition costs will be less than what they are today. Presently, the law allowing for federal income tax free qualified withdrawals is set to expire on December 31, 2010. Congress may or may not extend the law beyond this date. In addition, all references to tuition include mandatory fees. The plan does not cover room and board at this time.

While the plan doesn't guarantee a child's admission into any particular college, it does guarantee protection from the rising cost of tuition and fluctuations with market investments. As of April 1, 2005, the plan is good at more than 250 private colleges and universities with the list of colleges continuing to grow.

The plan is fully transferable

to other family members. If one child decides not to go to a participating college, parents can transfer the account to another child and retain the value of the certificate.

Accounts can be opened for as little as \$25 provided contributions total at least \$500 within two years. Parents or students don't need to choose a college up front; families can purchase "tuition certificates" now and redeem them at any member college once a child has been accepted. It's like buying a gift certificate for use at any of the stores at a mall.

To learn more, visit www.independent529plan.org.

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