

# Start Small, Dream Big

SSGA  promise529

Putnam 529 for America<sup>SM</sup>



NEVADA  
**PREPAID TUITION** 

 wealthfront

# The State of Education in Nevada

- ◆ **Of Nevada high school seniors who graduate, only 52.7% go on to college (vs. 62.6% nationally).\***
- ◆ **Only 23% of Nevadans, ages 25 and older, have a college degree.\*\***
- ◆ **It is predicted that by 2020, 65% of all jobs will require some postsecondary education.\*\*\***
- ◆ **College graduates earn 60% more than high school graduates, difference in earning potential that could exceed \$1 million over the course of a child's lifetime.**

\*<http://www.higheredinfo.org/dbrowser/index.php?measure=32>

\*\* <http://www.towncharts.com/Nevada/Nevada-state-Education-data.html>

\*\*\*[https://cew.georgetown.edu/wp-content/uploads/2014/11/Recovery2020.ES\\_Web\\_.pdf](https://cew.georgetown.edu/wp-content/uploads/2014/11/Recovery2020.ES_Web_.pdf)



**The Nevada College Savings Plans offer great savings vehicles with tax advantages to give families saving choices.**

**The State Treasurer's Office offers various 529 plans (tax advantaged ways) to save for higher education expenses, such as tuition, room and board, and required books and supplies.**

**All of the plans work together to help families achieve their dream of going to college.**

# What is a 529 College Savings Plan?

- **State sponsored college savings plan designed to help families meet the rising cost of higher education**
- **Created by Congress in 1996 and are named after section 529 of the IRS Code. AKA “Qualified Tuition Programs”**
- **Federal Tax Advantages (Earnings not subject to federal tax)**
- **Tax free withdrawals for qualified educational expenses used at eligible educational institutions**
- **Eligible Educational Institution: Colleges, Universities, Vocational Schools or other Post Secondary Educational Institutions eligible to participate in a student aid program administered by the U.S. Department of Education**
- **Flexible contributions & No income limitations**
- **No annual fees for Nevada 529 accounts**
- **In Nevada, you can contribute up to \$370,000 per beneficiary**

# Two types of 529 Plans in NV

- **Prepaid Tuition Programs**
  - **Structured like a Defined Benefit Plan.**
  - **Purchase In State Tuition Credit Hours TODAY– for FUTURE USE – VALUE can be used out of state.**
    - **Example: University contract, pays UNR full tuition rate.**
    - **Harvard attendance, pays FUTURE UNR credit hour rate to Harvard, family pays difference**
- **529 Savings Plan –**
  - **Like ROTH IRA**
  - **Defined Contribution Plan.**
  - **After Tax Contribution...Back End Tax Benefit**



# Benefits of Nevada's 529 Plans

Federal Tax Advantages

Affordable

No Annual Fees

Flexible, Convenient and Simple

No Income Limitations

# Where can 529 accounts be used?

- **Any college, university, community college, or vocational school throughout the United States that accepts federal financial aid.**
- **Public and private institutions**
- **2-year and 4-year programs**
- **Undergraduate or graduate school**
- **Payments are made directly to the school on a tax-free basis**

# SSGA Upromise 529 Plan

- **Open your own college savings account with as little as \$15**
- **Make affordable contributions as little as \$15 a month!**
- **Family and friends can also contribute to your child's account**
- **Use your savings at any eligible college, university or trade school in the country**
- **Tax-free withdrawals for qualified education expenses, include:**
  - ✓ **Tuition & mandatory fees**
  - ✓ **Certain room and board expenses**
  - ✓ **Books and other required supplies**

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# Silver State Matching Grant

**Dollar-for-dollar match for up to \$300 per year**

Must be the account owner of an SSGA Upromise 529 account

Household AGI of less than \$75,000

Must be a Nevada resident

Beneficiary must be 13 years or younger when applying and under 14 when match is funded.

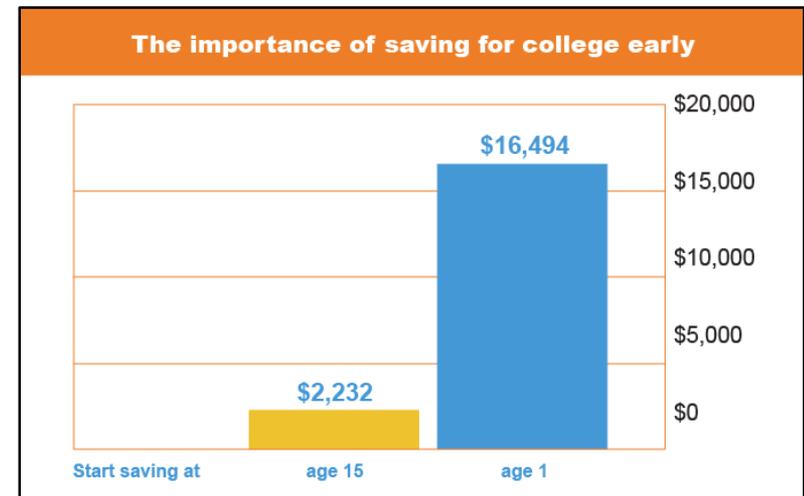
**Applications accepted from April 1 to July 31**

# The Cost of Not Planning Ahead

College may be expensive, but if you plan ahead, it doesn't have to be out of reach. For the cost of a night out with the family, you can afford to invest every month. And studies have shown that regular investments can add up to a significant college nest egg over time.\*

As you can see in this hypothetical chart, if an account owner began to save \$50 a month when a child was 1 year old (with an initial contribution of \$250), a 529 college savings plan could potentially have an account worth \$16,677 by the time the child was college age.

While starting an account later in a child's life (say, age 15) could still result in tax-free assets of more than \$2,000.\*\*



\*A plan of regular investment cannot ensure a profit or protect against a loss in a declining market.

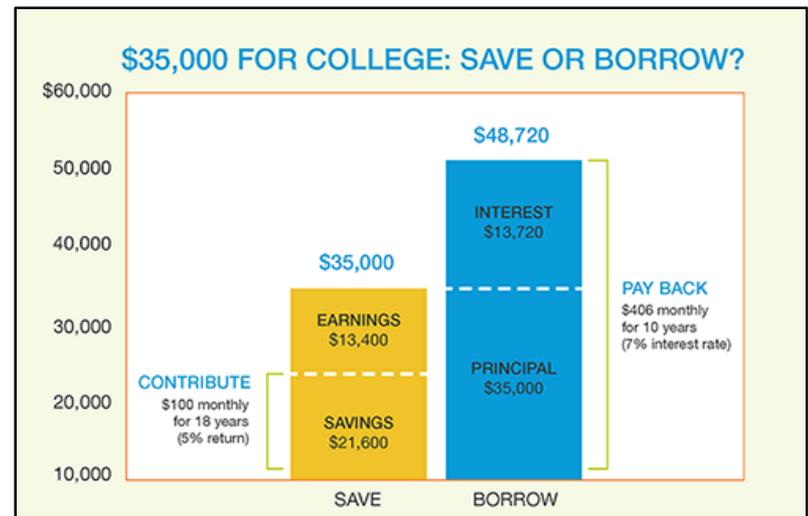
\*\*The hypothetical example assumes college begins at age 18 and is based on a 5 percent rate of return compounded daily, and is for illustrative purposes only. It does not reflect an actual investment in any particular 529 plan or taxes, if any, payable upon withdrawal.

# Saving vs. Borrowing

With a combination of the high cost of college and today's economic climate, it may seem like a good idea to borrow for college when the time comes, rather than saving money now. But saving in advance can help in the long run. Consider these two hypothetical scenarios:

**Scenario 1:** Terry's parents start investing \$100 a month into a 529 plan account right after Terry's birth. In 18 years (assuming a 5 percent annual rate of return), they could potentially save more than \$35,000.\*

**Scenario 2:** Terry has to borrow \$35,000 to attend college. Based on a private student loan rate of 7.0 percent, Terry could be faced with a monthly payment of \$406 for 10 years (or \$48,720).\*\*



\*A plan of regular investment cannot ensure a profit or protect against a loss in a declining market.

\*\*This hypothetical example is for illustrative purposes only and assumes no withdrawals made during the period shown. It does not represent an actual investment in any particular 529 plan and does not reflect the effect of fees and expenses. Your actual investment return may be higher or lower than that shown. The loan repayment terms are also hypothetical.

# Nevada College Kick Start

- ◆ Establishes college savings accounts for all Nevada public school kindergarteners since 2013.
- ◆ Every kindergartener receives an initial deposit of \$50
- ◆ No taxpayer dollars are utilized
- ◆ To date, over 135,000 Kick Start accounts established

“Children with an established college savings account are up to seven times more likely to attend college than those without.”

-Washington University’s Center for Social Development



nevada college  
**kickstart**



# Tomorrow's Tuition, Today's Prices



- **Parents who purchased a 4 Year University Nevada Prepaid Tuition plan in 1998 paid \$69 per credit hour rate. When their child enrolls at a Nevada university in 2017-2018, tuition will be *paid out on their child's behalf* at \$215.50 per credit hour. Those families will save over \$17,500 on tuition.**
- **Plans available for newborns through 9<sup>th</sup> grade.**
- **Prices starting at \$38/month for community college.**
- **Contract benefits can be used to pay for tuition at public or private institutions of higher education, including colleges, universities and trade schools *nationwide (where FAFSA accepted)*.**

**The monthly contract payments are set for life of contract regardless of future tuition increases**

# Nevada Prepaid Tuition

## Tomorrow's Tuition, Today's Prices

### Choose Your Plan

4 Year University

2 Year University

1 Year University

2 Year Community College

2 Year CC/2 Year University

### Choose Your Payment Option

Extended Monthly Payments

5 Year Monthly Payments

One Lump-sum Payment

**Go to [NV529.org](http://NV529.org) or call 1-888-477-2667**

# Why Consider Prepaid Program?

- ◆ **Nationally college tuition and fees have surged 1,120% since 1978, four times faster than the consumer price index!\***
- ◆ **According to The Nevada System of Higher Education (NSHE), Nevada's university tuition rates have risen an average of 8.9% per year from 2007–2013.**
- ◆ **In 2014, the Board of Regents voted to increase tuition 4 % per year for the next four years.**
- ◆ **Nationally, in the past 5 years, public four year increases in tuition and fees amounted to 17%. \* Trends.college board.org**

**Nevada Prepaid Tuition**

**Open**

**Enrollment Period**

**November 1 - March 31, 2017**

**[nv529.org](http://nv529.org)**

- IF YOU ENROLL BY JANUARY 31, 2018 you are entered to win 1 FREE YEAR of College Tuition (\$6,300+ value)

# Let's Get Started Today!

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