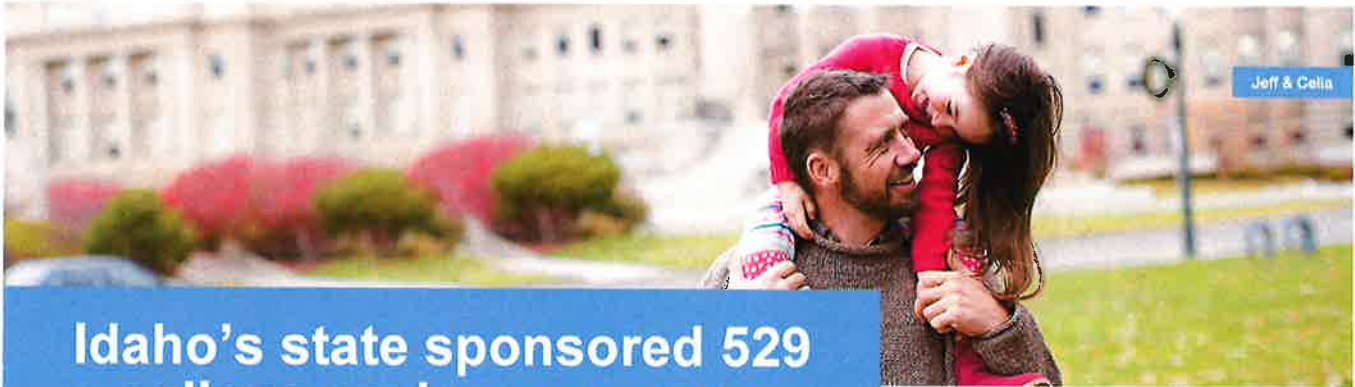


## A POWERFUL TOOL FOR IDAHO FAMILIES



### Idaho's state sponsored 529 college savings program

Administered by the Idaho College Savings Program Board, the Program helps families save for education in a tax advantaged way.

Enabled under title 33, Chapter 54 of Idaho Code and launched in 2001, IDeal is a self-supported program that received no direct funding from the General Fund. U.S. Code, Title 26,529 requires 529 Programs to be established and maintained by a state or instrumentality thereof.

#### FAST FACTS

**Q: Who can use the IDeal Program**

**A:** *Anyone can open and contribute to an IDeal Account for any loved one— child, grandchild, niece, or even yourself.*

**Q: Are there tax advantages?**

**A:** *<sup>1</sup>Yes, Idaho taxpayers' annual contributions qualify for an Idaho state tax deduction, funds grow tax deferred and qualified expenses are withdrawn tax free.*

**Q: What can funds be used for?**

**A:** *K-12 tuition, higher education costs (2 and 4-year, registered apprenticeships, trade schools and graduate programs) including tuition, room and board, books, required supplies, computers, peripherals and Internet.*

**Q: Can funds repay student loans?**

**A:** *Yes. The 2019 Secure Act allows for a maximum lifetime aggregate of \$10,000 in loan payments per beneficiary.*

#### DID YOU KNOW?

<sup>2</sup>Students with college savings accounts are 7x more likely to enroll and complete a higher education program!

#### IDEal at a Glance:

as of 03-9-20

**Assets under management**

\$546 million

**Increase in savings since 2007**

329%

**# Funded Accounts**

38,919

**\$ Gifted to accounts in 2019**

\$2.6 million

**# accounts opened in 2019**

4,731



*"Because we saved this money, they were able to do a lot of things in college they would not have been able to do, things they loved...They weren't so strapped for cash."*

Teresa Noble, Boise

**IDEal can not only help increase college-going rates, but benefit the state of Idaho as a whole.**

**ideal**  
IDAHO COLLEGE  
SAVINGS PROGRAM

<sup>1</sup> Contributions to the IDeal – Idaho College Savings Program are deductible from Idaho state income tax, subject to recapture in certain circumstances, such as a non-qualified withdrawal or a rollover to another state's qualified tuition program in the year of the rollover and the prior tax year. Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

<sup>2</sup> Elliott, W. and Beverly, S. (2011). The role of savings and wealth in reducing "wilt" between expectations and college attendance. *Journal of Children & Poverty*, 17(2), 165-185.

**Benefits To The State**

- Higher education is critical to reducing unemployment.
- Finances are one of the greatest and most common barriers to enrolling and remaining in higher ed programs.
- Student loans are filling the financial gap and record setting borrowing is having long-term effects on families economic futures.
- IDeal helps Idaho families break down financial barriers.
- Saving for education goals helps set a college-going culture in the home.
- A more educated workforce helps Idaho's economy and helps to keep and create jobs by attracting and retaining employers.

**Idaho College Savings Program**

Constitutional Officer	Designee	Title	Since
State Treasurer Julie Ellsworth, Board Chair	Not applicable	State Treasurer	2019
Governor Brad Little	Greg Wilson	Senior Policy Advisor – Education	2019
State Controller Brandon Woolf	Patrick Hodges	Deputy State Controller	2016
Attorney General Lawrence Wasden	Brian Kane	Assistant Chief Deputy Attorney General	2008
Superintendent of Public Instruction Sherri Ybarra	Tim Hill	Deputy Superintendent, Finance	2003
Secretary of State Lawrence Denney	Chad Houck	Deputy Secretary of State	2018

For more information about the Idaho College Savings Program (IDeal), call 866-433-2533 or visit [www.idsaves.org](http://www.idsaves.org) to obtain a Disclosure Statement. The Disclosure Statement explains investment objectives, risks, charges, expenses, and other important information. Because investing in IDeal is an important decision for you and your family, you should read and consider the Disclosure Statement carefully before investing.

If you are not an Idaho taxpayer, consider before investing whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.

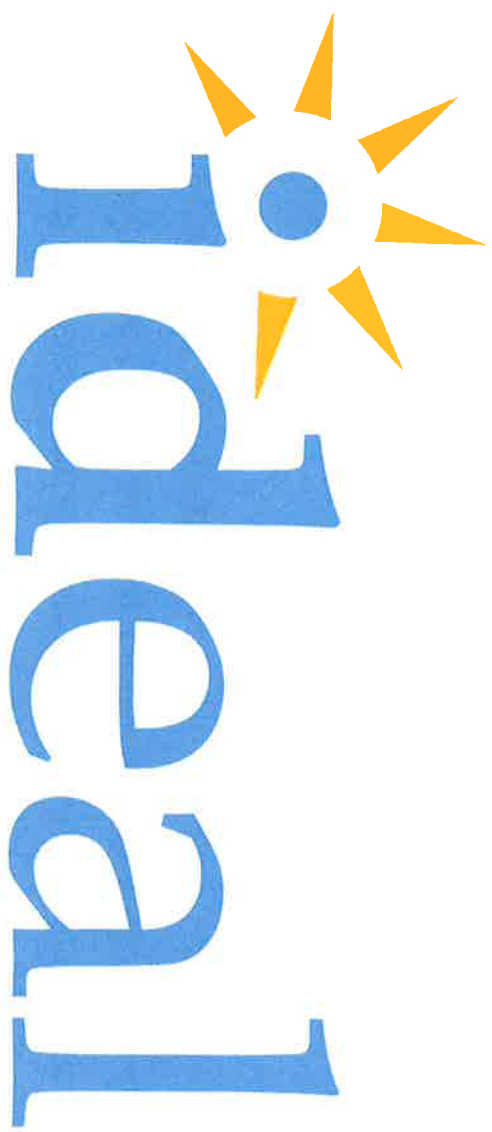
Ascensus Broker Dealer Services, LLC. (ABD), the program manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory and record keeping and administrative services. The Vanguard Group, Inc. (Vanguard) serves as Investment Manager for IDeal. Sallie Mae Bank serves as the Savings Portfolio Manager for IDeal. IDeal's Portfolios invest in either: (i) mutual funds and a separate account offered or managed by Vanguard; or (ii) an FDIC-insured omnibus savings account held in trust by the Board at Sallie Mae Bank. Except for the Savings Portfolio, investments in IDeal are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns will vary depending upon the performance of the Portfolios you choose. Except to the extent of FDIC insurance available for the Savings Portfolio, you could lose all or a portion of your money by investing in IDeal, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

**Not FDIC-Insured (except for the Savings Portfolio). No Bank, State or Federal Guarantee. May Lose Value.**

**For more information, contact Christine Stoll Executive Director, IDeal**  
**208.332.2935 | [cstoll@idsaves.idaho.gov](mailto:cstoll@idsaves.idaho.gov) | [www.idsaves.org](http://www.idsaves.org)**





**IDAHO COLLEGE  
SAVINGS PROGRAM**

**H550**

**EMPLOYER TAX CREDIT FOR COLLEGE SAVINGS PROGRAM CONTRIBUTIONS**

Christine Stoll: Executive Director



## IDEal:

- Idaho's state sponsored 529 college savings program
  - 2000: added to Idaho code IDAPA: 33-5401 - 33-5410
  - 2001 opened to the public

## Purpose:

- To help individuals and families save for education in a tax-advantaged way.



# Program administration

- Self-sustaining, receives **no general fund** monies.
- 2.5 local staff.
- The State College Savings Program Board is comprised of Idaho’s constitutional officers or their designees.

Constitutional Officer	Designee	Title	Since
State Treasurer Julie Ellsworth	Board Chair	State Treasurer	2019
Governor Brad Little	Greg Wilson	Senior Policy Advisor – Education	2019
State Controller Brandon Woolf	Patrick Hodges	Deputy State Controller	2016
Attorney General Lawrence Wasden	Brian Kane	Assistant Chief Deputy Attorney General	2008
Superintendent of Public Instruction Sherrri Ybarra	Tim Hill	Deputy Superintendent, Finance	2003
Secretary of State Lawrence Denney	Chad Houck	Deputy Secretary of State	2018

## Fast Facts

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- Program assets total over **\$553 million**
- **38,789** active beneficiary accounts
- Average balance per account is **\$14K**
- **+23% increase in assets** from 2018 to 2019
- **\$2.6 million** in gifts from loved ones **+17%** in 2019
- **\$80 million** in **family contributions** in 2019
- **\$4 million** withdrawn for **K-12 tuition**
- **\$44 million** withdrawn for **higher education**
- **\$25** to open an account
- Use funds **anywhere** in the country




# Tax deduction

## Only IDeal 529 offers Idaho taxpayers an Idaho State tax deduction!

- Up to \$6,000 annually for single filers
- Up to \$12,000 annually for married couples filing jointly\*

\*Contributions to the IDeal - Idaho College Savings Program are tax deductible from Idaho State income tax, subject to recapture in certain circumstances such as a non-qualified withdrawal or a roll-over to another state's qualified tuition program in the year of the rollover and the prior tax year.



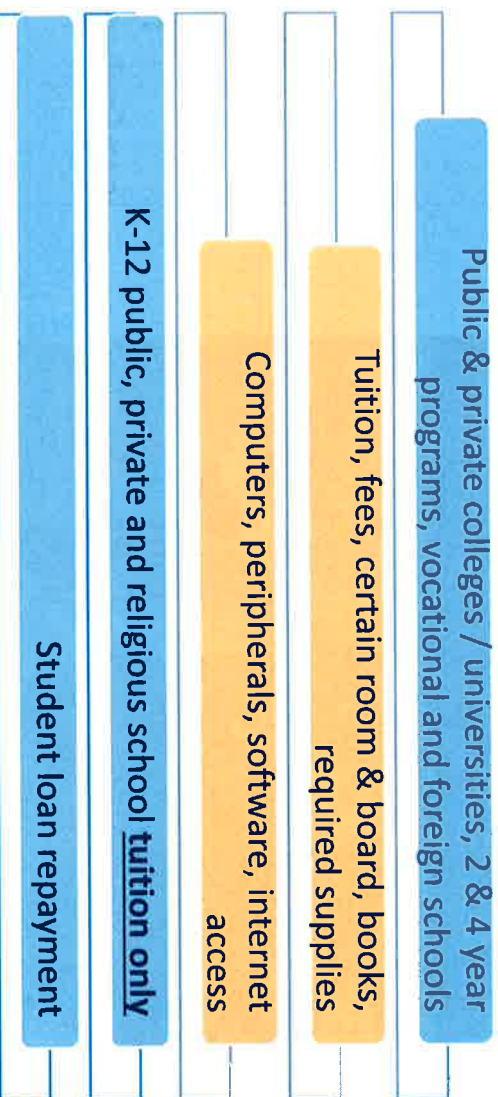
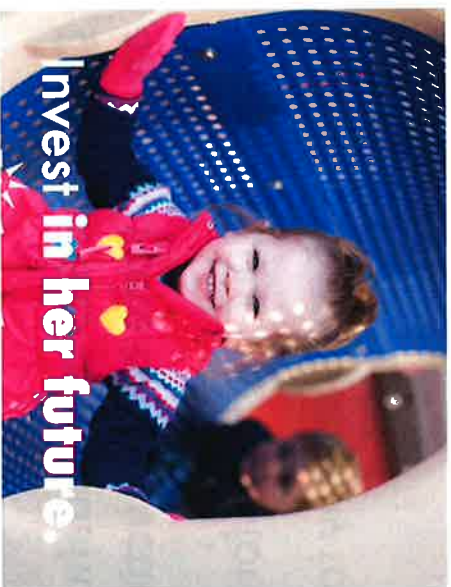
**ideal**  
IDeal  
SAVINGS

**Saving for college as a family?**  
Any Idaho taxpayer can take a state tax deduction for IDeal contributions, **including multiple contributors to the same account.**



# Qualified expenses = tax-free withdrawals

Federal and State income tax-free if used for qualified withdrawals to eligible higher education\* and related to services to be used by the beneficiary while enrolled.



\*Earnings on nonqualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. Tax and other benefits are contingent on meeting other requirements and certain withdrawals are subject to federal, state, and local taxes. \* K-12 tuition withdrawals allowed as of January 1, 2018 (up to 10K per child, per year only). Student loan repayment limited to an aggregate of \$10,000 over the lifetime for each beneficiary.





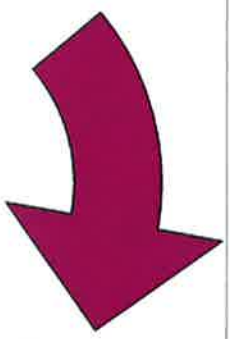
# Idaho's 529 participation rate: 0-18yrs old

## IDEAL + 60% Goal

Increase participation in Idaho's college savings program to help transform the postsecondary attainment culture in Idaho

School name	Total IDEAL \$ sent to school
Boise State University	\$ 1,186,092.92
University of Idaho	\$ 937,753.20
University of Utah	\$ 443,096.75
College Of Idaho	\$ 343,508.37
University of Washington	\$ 225,375.00
Carroll College	\$ 214,005.71
Whitman College	\$ 213,901.67
Gonzaga University	\$ 211,012.70
Colorado State University	\$ 194,550.44
University of Oregon	\$ 190,669.30
Idaho State University	\$ 182,960.92
University of Colorado Boul	\$ 164,664.14
Westminster College	\$ 163,668.00

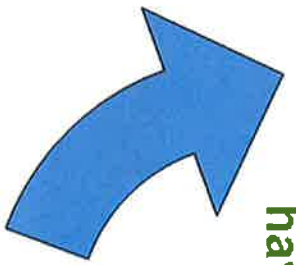
471,656 Idaho kids aged 0-18



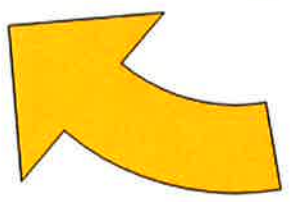
5.23%

24,675 Idaho students 0-18 with accounts

have accounts



Big opportunity to change the culture with IDEAL 529 accounts

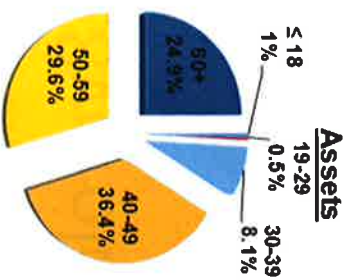
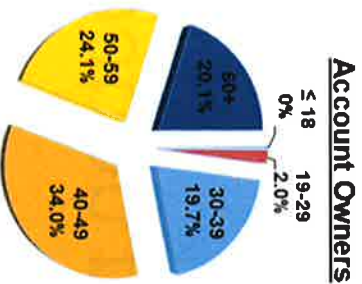




# Who is saving?

## Account Owners: Age and Asset Distribution – Funded Accounts

Age	Account Owners Q4 2019	Assets Q4 2019	Average Assets Per Account Owner
≤ 18	38	\$2,858,624.79	\$75,226.97
19-29	397	\$2,573,475.22	\$6,482.31
30-39	3,902	\$44,851,354.98	\$11,494.45
40-49	6,738	\$203,044,263.78	\$30,134.20
50-59	4,778	\$164,819,033.98	\$34,495.40
60+	3,978	\$138,991,557.84	\$34,940.06
<b>TOTAL</b>	<b>19,831</b>	<b>\$557,138,310.60</b>	<b>\$28,094.31</b>



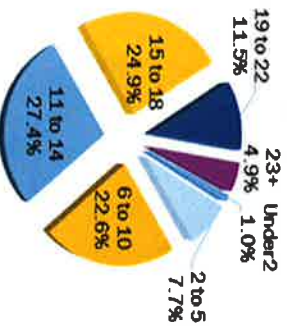
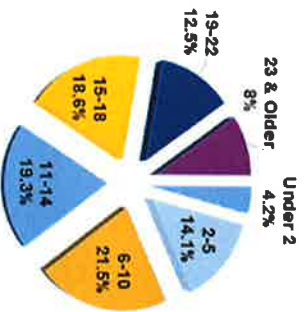
# Who are they saving for?



Beneficiary: Age and Asset Distribution – Funded Accounts

Age	Beneficiaries Q4 2019	Assets Q4 2019	Average Assets Per Beneficiary
Under 2	1,550	\$5,440,205.98	\$3,509.81
2-5	5,211	\$36,987,770.21	\$7,098.02
6-10	7,956	\$101,044,853.55	\$12,700.46
11-14	7,146	\$137,509,534.57	\$19,242.87
15-18	6,888	\$164,460,619.16	\$23,876.40
19-22	4,620	\$76,470,634.82	\$16,552.09
23+	3,645	\$35,224,692.31	\$9,663.84
<b>TOTAL</b>	<b>37,016</b>	<b>\$557,138,310.60</b>	<b>\$15,051.28</b>

## Beneficiaries' Assets



- Under 2
- 2 to 5
- 6 to 10
- 11 to 14
- 15 to 18
- 19 to 22
- 23+

Funded accounts only





# What are they saving for?



Withdrawals for K-12

2018-19

**+2.5%**

○ \$2.3M

○ \$4M

● 2018

○ \$354K

● 2017

**K-12**

- 949 accounts
- \$4 million

**Higher Ed**

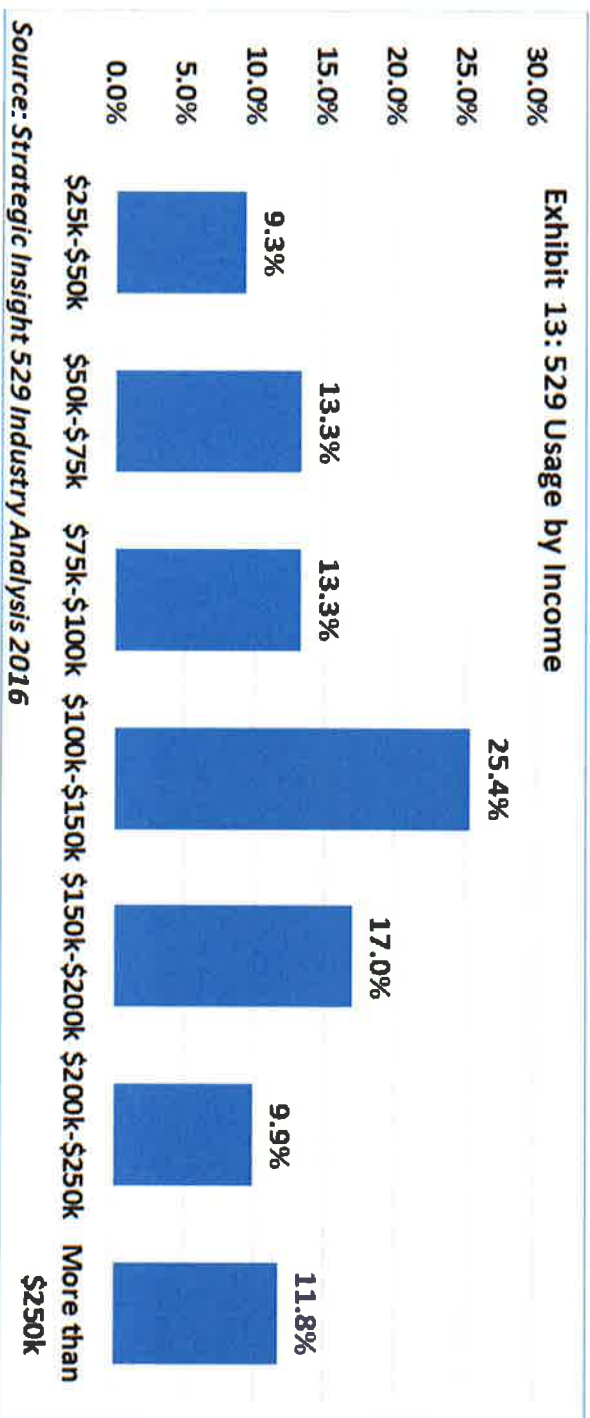
- 4,731 accounts
- \$44.29 million

**Top K-12 schools Ideal \$ sent to in '19**

School Name	Total Ideal \$ sent to School
Riverstone International School	\$ 53,735.00
Nampa Christian Schools	\$ 47,103.00
St. Joseph's Catholic School	\$ 37,263.00
Grace Lutheran School	\$ 29,765.00
St. Mark's Catholic School	\$ 18,700.00
Cole Valley Christian School	\$ 17,972.00
Greenleaf Friends Academy	\$ 14,506.00
Montessori Academy	\$ 14,203.00
The Ambrose School	\$ 13,258.00
Lighthouse Christian School	\$ 10,589.00
Smart Tuition	\$ 10,298.00
Foothills School Of Arts & Scie	\$ 10,000.00
Hyde School	\$ 10,000.00
Pioneer Montessori School	\$ 10,000.00
Rainier Christian Schools	\$ 9,556.00

# 529 accounts are for all families!

## National 529 Income Demographics



Over 60%  
make less  
than \$150k



## 2020 legislation: H 550

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Provides a 20% tax credit for employer contributions to an Idaho College Savings Program account.

Maximum credit is \$500 per employee annually.

Incentivizes employers to help their employees enhance their education savings for future K-20 goals.





# Barriers of Postsecondary Attainment

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- Access
- Academic Readiness

- **Affordability**

*The Office of Performance Evaluations: Reducing Barriers to Postsecondary Education, June 16<sup>th</sup> 2012 & June 12<sup>th</sup> 2013*



By 2022,

# 60%

of Idaho job openings  
will require a post-secondary  
degree, training, or certificate

Source: Idaho Department of Labor, Projection of  
Idaho Industry Demand and Occupations 2012  
to 2022.



## Economic Development

Employers report wanting to:

- recruit and retain quality employees.
- help relieve stress over student loan debt.
- help to cultivate a more educated workforce in Idaho.

DID YOU KNOW?

**72%**  
of employees say  
**CUSTOMIZABLE BENEFITS**  
WOULD INCREASE THEIR LOYALTY  
to their employer

Source: Opportunity's modeling. How benefits fit the ground work for a thriving workforce. Michelle 2016. <https://insurancematters.com/resources/webinars/12-2016-benefits/>

Dodds Hayden,  
CEO Hayden Beverage



## Economic Development

“As I try to think about what are different ways we can make our employees’ lives better, certainly one of those is helping each generation move a little farther as far as education goes,” Hayden said.

“The benefit of it, and other plans, is how do we continue to keep Idaho’s education moving forward?” Hayden said. “...The more companies in Idaho that do this, the better our population will be served by having a more educated populace.”

<https://www.idahoednews.org/news/hayden-beverage-matches-contributions-to-college-savings-accounts/>



# Costs and low-go on rates

## Education costs have increased tremendously

- College education costs in Idaho have increased significantly in the past two decades.
- Tuition and fees were up over **189%** from 2000-2016.
- The average Idaho student left school in 2018 with over \$27,000 in loans.

## Families are struggling to save enough

- While the cost of a higher education degree in Idaho represents a good value, the accessibility of higher education is affected by the affordability. The burden of cost is on families.



**HAVING A COLLEGE  
SAVINGS ACCOUNT  
MAKES STUDENTS**

up to **7X**

**more likely to go on  
& complete higher  
education**

**5%**

**of Idaho students**

**HAVE SOMEONE SAVING  
FOR THEIR FUTURE  
COLLEGE COSTS**

Source: Washington Post:

<https://www.washingtonpost.com/blogs/govbeat/wp/2013/09/26/how-50-makes-kids-seven->

# Public/private partnership

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## **Increasing Idaho's education attainment possibilities**

- Increased education attainment is crucial to Idaho's economy in providing a sufficient qualified workforce.

## **Encourages personal and family responsibility**

- Idaho's 529 is a valuable program which encourages personal responsibility coupled with an incentive for individuals and parents to save for their children's education.

## **Increased employee participation**

- Employees are more likely to participate in a savings program when offered at work.

## **Incentivizes employers**

- A tax credit will help offset the costs for employers who invest in their employees and their families' education dreams.



## H 550 possible outcomes

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- Families save more money for multiple children to attend K-20 education.
- More students are prepared financially to participate in their choice of education path.
- Idaho increases its go-on rate.
- Allows families to “catch-up” if they have started saving later than they had planned.
- Encourages additional educational gifting.
- Reduces the amount of student loan debt.
- Idaho employers see an increase in the ability to recruit and retain quality employees.
- Increased education attainment will help Idaho’s economy in providing a sufficient qualified workforce.





## Fiscal Impact

It is expected that employer participation in the tax credit will begin slowly and build over time.

Based on Colorado's experience, **IDEAL anticipates less than a \$100,000 fiscal impact in the first year of the tax credit program.**

