



**IDAHO COLLEGE  
SAVINGS PROGRAM**

---

**SENATE EDUCATION COMMITTEE  
ANNUAL UPDATE**

Christine Stoll: Executive Director

# What is IDeal?

## IDeal:

- Idaho's state sponsored 529 college savings program
  - Est. in Idaho code-2000, available
  - IDAPA: 33-5401/33-5410, open to the public 2001
  - <https://legislature.idaho.gov/statutesrules/idstat/Title33/T33CH54/>
  - Federal law requires 529 programs to be established and maintained by a state or instrumentality thereof.

## Purpose:

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





# IDEal program FAQs

- Self-sustaining, receives **no general fund** monies.
- 2.5 staff
- The Idaho College Savings Board is comprised of Idaho’s constitutional officers and or designee.

Name	Title	Representing	Year started
Tim Hill	Deputy Superintendent, Finance	Department of Education	2003
Brian Kane	Assistant Chief Deputy Attorney General	Attorney General Office	2008
Betsie Kimbrough	State Election Director	Secretary of State	2016
Patrick Hodges	Deputy State Controller	State Controller Office	2016
Edelene Ohman	Director of Investments	Treasury Office: Chair of Board	2016
David Hahn	Financial Management Analyst Sr.	Governor Appointee: Department of Financial Management	2014



# IDEal program FAQs

---

## IDEal Account Performance

- As of February 20, 2017, assets in IDEal totaled **\$387,930,915**
- The total number of beneficiary accounts was **30,830**
- Average balance per account of **\$12,607**.
- The plan saw a **14% increase in assets** from September 2015 to September 2016.

## Giftng:

- In 2016 beneficiaries have received contributions from grandparents, aunts, uncles and others totaling **\$1,429,040 in gift contributions**.
- This was a **69% increase from 2015**.
- Since inception, there have been \$4,192,973 in Ugift contributions to beneficiary's accounts

# What IDEal provides

- State income tax deduction
- Tax deferred growth
- Tax free withdrawals for education

- \$25 to start account
- Varied investments
- Flexible and affordable

- Gifting
- Employer match accounts
- CWIDEal Boost scholarship

\*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. 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.



# Current state income tax deduction

Only **IDEAL 529** offers Idaho taxpayers an Idaho State tax deduction!

**Up to \$4,000 annually for single filers\***

**Up to \$8,000 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.





# Tax-free education 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.

Tuition, fees, certain room & board, books, required supplies

Public & private colleges / universities, 2 & 4 year programs, vocational and foreign schools

Computers, peripherals, software, internet access\*\*

\*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. \*\*Implementation of PATH Act (HR529/S335) Legislation



# Covers dual credits costs in high school

---







**Ugift® – Give College Savings**



### **Easy-to-use online gifting program**

Family and friends give the gift of college savings for:

- Birthdays
- Religious milestones
- Holidays
- Graduations
- Any special occasion!



# Estate planning



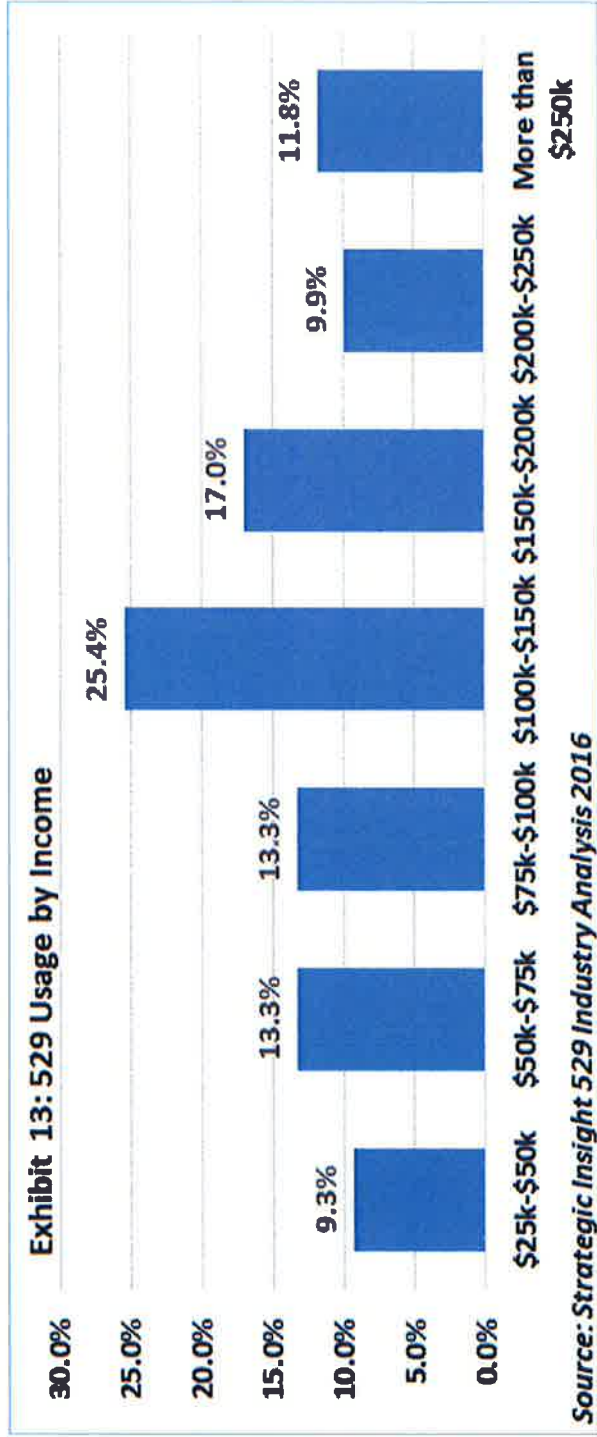
- **Contribute up to \$70,000 in 1 year of gift taxes per account**
- In the event you do not survive the 5-year period, a pro-rated amount will revert back to your taxable estate.
- Account owners should always consult with their tax advisor regarding gifting.



# 529 accounts are for *all* families!

Over 60%  
make less  
than \$150K

## National 529 Income Demographics



50%



OF U.S. FAMILIES ARE SAVING FOR COLLEGE<sup>1</sup>

.....  
YOUTH WHO HAVE A COLLEGE  
SAVINGS ACCOUNT ARE  
4-7 TIMES MORE LIKELY TO  
ATTEND COLLEGE<sup>2</sup>

7X



On average,  
iDeal account owners save

**\$11,000+**

more than Idahoans  
saving for college  
without iDeal.



#iDealFacts



Source: Ascensus Account Owners Study, 2014. Rockbridge Associates.



# Idaho's 60% goal



By 2022,  
**60%**  
of Idaho job openings  
will require a post-secondary  
degree, training, or certificate

The logo for the Idaho College Savings Program, featuring the word "ideal" in a stylized blue font with a sunburst icon above the "i", and "IDAHO COLLEGE SAVINGS PROGRAM" in a smaller, blue, sans-serif font below it.

Source: Idaho Department of Education, "Projections of Future State Employment and Education Needs - 2012-2022"

- Preschool presentations
- Kindergarten registration
- School open houses
- Financial aid nights
- FAFSA events
- Community events
- Partners:
  - Educate Idaho Network
  - TVEP
  - Perspective Wealth Partners
  - College of Western Idaho



# Barriers of postsecondary attainment

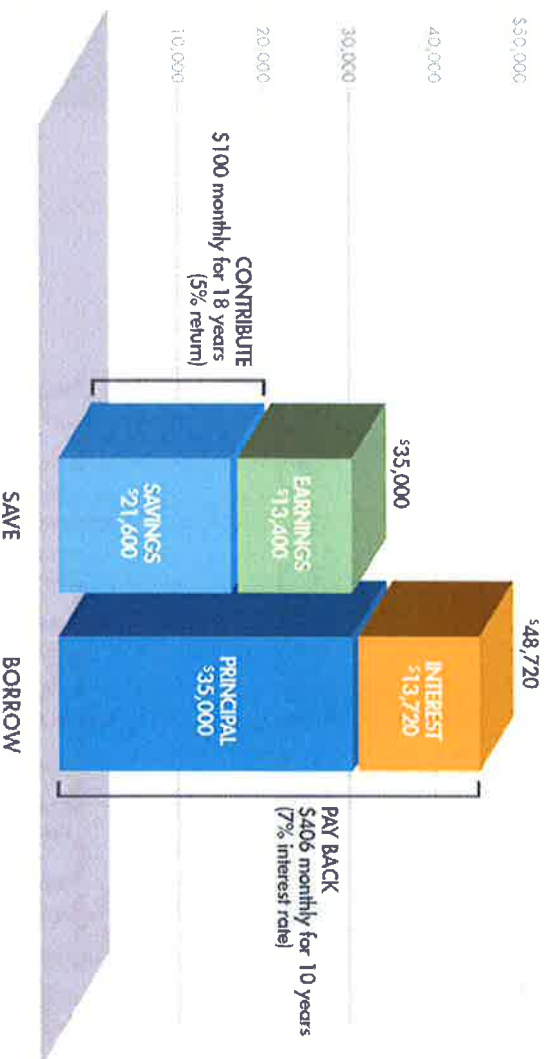
- Access
- Academic Readiness
- **Affordability**

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



# Saving vs. borrowing

\$35,000 For College: SAVE or BORROW?



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 or any taxes payable upon withdrawal. Your actual investment return may be higher or lower than that shown. The loan repayment terms are also hypothetical and may be higher or lower than that shown. A plan of regular investment cannot assure a profit or protect against a loss in a declining market.

# Program enhancements

reduced fees

- April 2014 .75bps to .69bps
- April 2016 .69bps to .51bps
- *Soon 2017 .51bps to .50bps*

32%





# Program enhancements

---

## full-time field representative

**Nick Thiros**

Meet your Ideal - Idaho College Savings Program source for information, events, and much more!

To schedule a visit or speaking engagement with Nick, please send an email to [nickthiros@idaho29.org](mailto:nickthiros@idaho29.org) or call 208-488-9879.



Nick Thiros is the Field Representative for the Ideal - Idaho College Savings Program. His keen understanding of 529 plans in general, and Ideal in particular, make him a valuable resource for spreading the word about saving now so students of any age can have a brighter tomorrow.

Nick is an Idaho Falls native and brings his financial background experience and love for education to help Idaho residents learn more about planning and saving for higher education:

- Four years of experience in the financial services industry
- Certified Public Accountant (CPA)
- FINRA Series 6 license
- Education:
  - Bachelor of Science, History from Colorado State University - Pueblo
  - Bachelor of Science, Accounting from Boise State University

# Program enhancements

Spanish call center representatives



**Se habla español**  
Ideal 529 College Savings Program:  
Now with Spanish-speaking  
call center representatives.

The graphic features a white speech bubble with a black outline on a dark grey background. Inside the bubble, the text is arranged as follows: "Se habla español" in bold orange, "Ideal 529 College Savings Program:" in blue, and "Now with Spanish-speaking call center representatives." in blue. In the bottom right corner of the grey background, the "ideal" logo is repeated in blue.







# Program enhancements computers

A blue rectangular box containing promotional text and icons. At the top left of the box is the "ideal IDAHO COLLEGE SAVINGS PROGRAM" logo. Below the logo is the text "Did you know?" in bold, followed by "Now you can use your IDeal account to pay for your college student's computer." To the right of the text are three line-art icons: a desktop computer monitor, a smartphone, and a tablet. A stylized orange apple with a leaf is positioned between the smartphone and tablet icons.

**ideal**  
IDAHO COLLEGE  
SAVINGS PROGRAM

**Did you know?**  
Now you can use your IDeal account to  
pay for your college student's computer.



# Program enhancements

---

gifting

## Gifting increased 69%

Gift code sharing:

- Email, Facebook, and Twitter invitation features
- Share over the phone or in person
- Include Ideal's printable [Ugift coupons](#) in mailed invitations

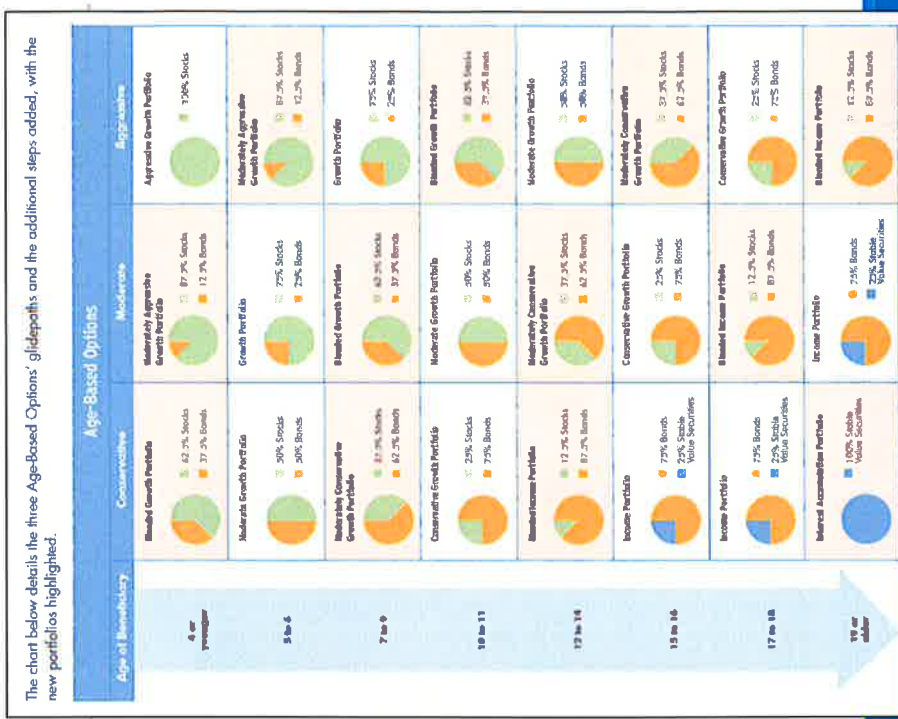


# Program enhancements

## investments


Age-based investments now change every 2-3 years automatically


Previously every 5 years




# Program enhancements

## advisor tools







**529 QuickView®: Your one-stop resource for easy 529 account management**

**Online answers and data to help you better help your clients**

Get immediate online access to your clients' Ascensus College Savings-administered 529 plans with 529 QuickView. No more sorting through stacks of paper, fumbling through files, or waiting for the latest account information to be mailed.

With 529 QuickView, you have one-stop access for answers to your clients' account questions with data that is easily downloadable to your desktop. You see the same screens as your clients once they log in, so you can easily conduct online transactions including contributions, qualified withdrawals, allocation changes, exchanges, and transfers (with client approval).

**Forge closer client relationships and build assets**

Generate these reports to help you start your client conversations:

- Annual account investment
- Client total account balance
- Assets held in the account
- Year-to-date contribution
- \* Approaching college age

**QuickView Login**

User Name:

Password:

Forgot User Name?    Don't know your User Name?    If you don't have a user name and password, click here to register for access.

# 15 year celebration



**ideal**  
IDEAL COLLEGE  
EMMS SIS PROGRAM





## 2017 legislation: H 185

Amend 63-3022 to increase the amount of the individual state income tax deduction for the Idaho College Savings Program from \$4,000 to \$6,000 based on the increase in the cost of college in Idaho.

The current deduction was established in the year 2000 as an incentive to save for postsecondary education.





## The case for an increase

### Higher Education Cost Increases

- College education in Idaho has increased significantly in the past 16 years
- Tuition and fees are up **189%** from 2000-2016
- The IDEal the tax deduction has not increased since inception in 2000

### Idaho Schools are a Great Value:

- While the cost of a college degree in Idaho still represents a good value, the accessibility of higher education is affected by the affordability

Addie, Heather



# The case for an increase

---

## **Encourage 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.

## **Ensure a similar incentive**

- To ensure that this educational deduction continues to provide for a similar incentive and corresponding benefit to Idaho individuals, parents, and students saving for postsecondary education, an upward adjustment to the deduction is warranted.

Because postsecondary education is so important to the state's economy in providing a sufficient qualified workforce, it is proposed that this education deduction be updated.



# Postsecondary cost of attendance

<u>Average 2016-2017 Costs</u>	<u>Average Annual</u>
◦ Full-time Student Fees / Tuition	\$ 6670
◦ Room & Board	\$ 7148
◦ Books & Supplies	\$ 1320
◦ Transportation	\$ 1897
◦ <u>Personal</u>	\$ 2449
<b>Total</b>	<b>\$19,484</b>

A precise comparison can be made in looking at only the student fee / tuition cost changes which have occurred from 2000 to 2016 as follows:

<u>2000</u>	<u>2016</u>	<u>Change</u>
\$2,308	\$6,670	<b>189% INCREASE</b> from 2000 to 2016

# H 185 goals

---

## **Help Idaho and its Families:**

- Save more for higher education especially the majority who save for multiple children
- Prepare financially to participate in postsecondary education of some type
- Increase its go-on rate
- To “catch-up” if they have started saving later than they had planned
- Encourage additional educational gifting from family and friends
- Reduce the amount of student loan debt
- Grow and keep its local workforce



# Questions?



