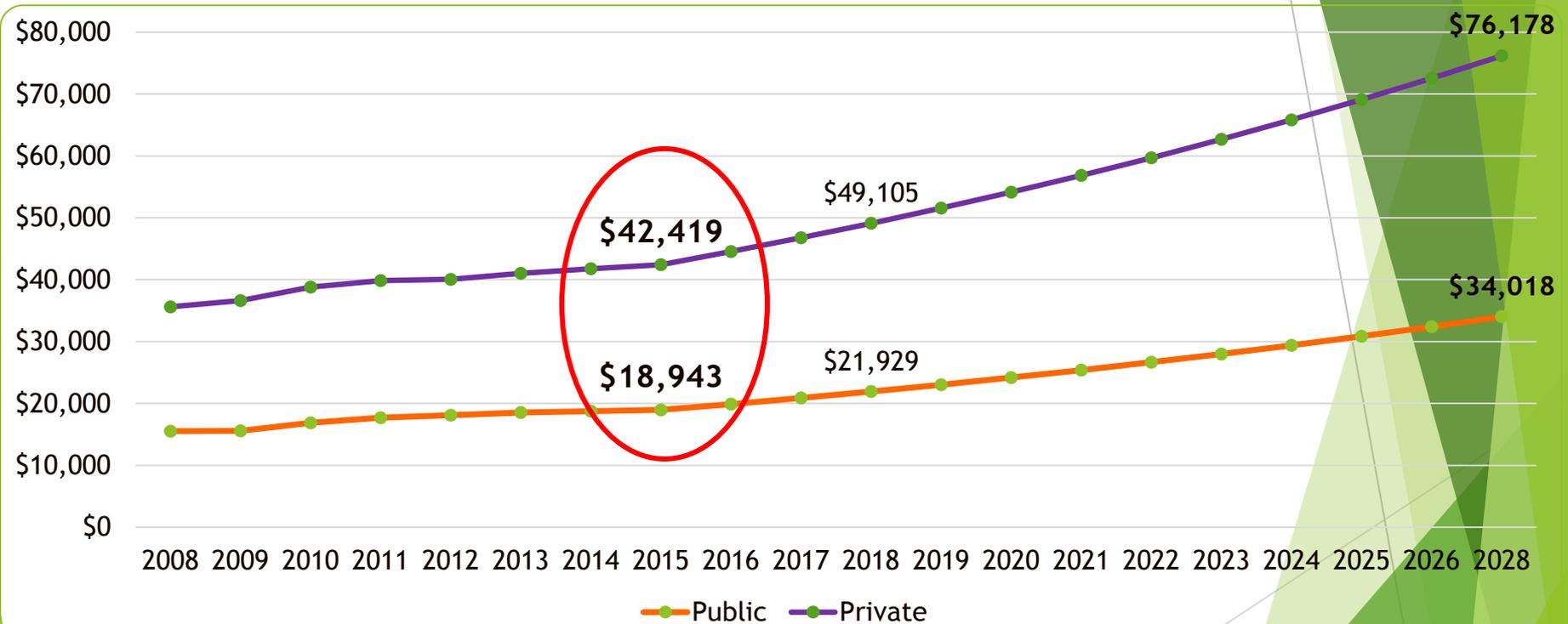




ideal
IDAHO COLLEGE
SAVINGS PROGRAM

Christine Stoll
Legislative Update 2016

Estimated annual college costs



Source: The College Board, *Trends in College Pricing 2015*. Average total college costs include tuition, fees, room and board for the 2014-2015 school year increasing at a 5% annual inflation rate per year. This chart is for illustrative purposes only. Actual costs will vary.

Idaho families are not aware of costs



<https://youtu.be/cfyeQbzEZKM>

Expectations are not meeting reality

51%

of Idaho parents
expect their
children to
achieve a
four-year
higher ed
degree.



FAFSA completion is imperative

85% of IDEal savers
expect their students to use
financial aid to help pay for
higher education

#IDEalFacts

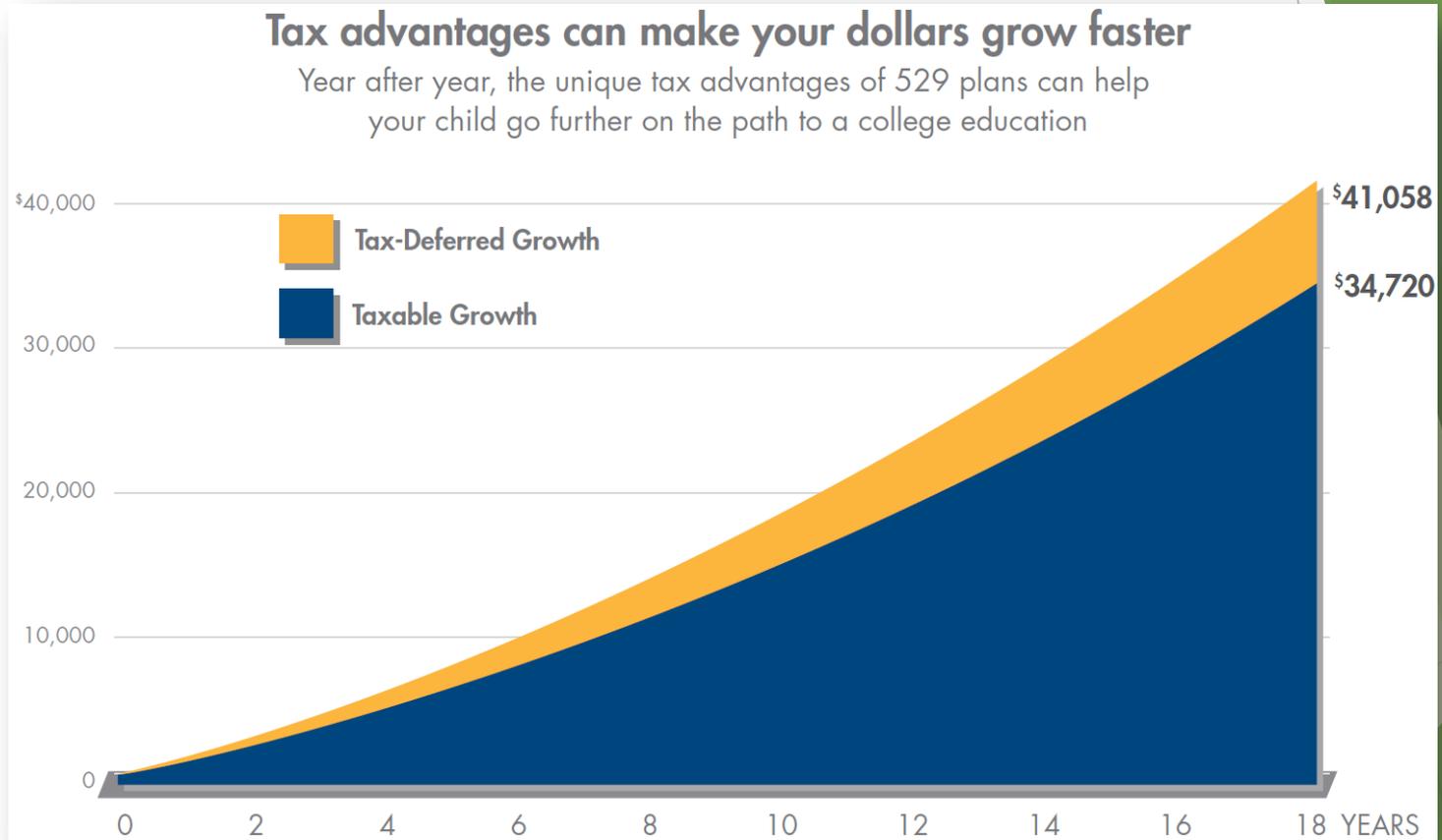


Little changes add up!



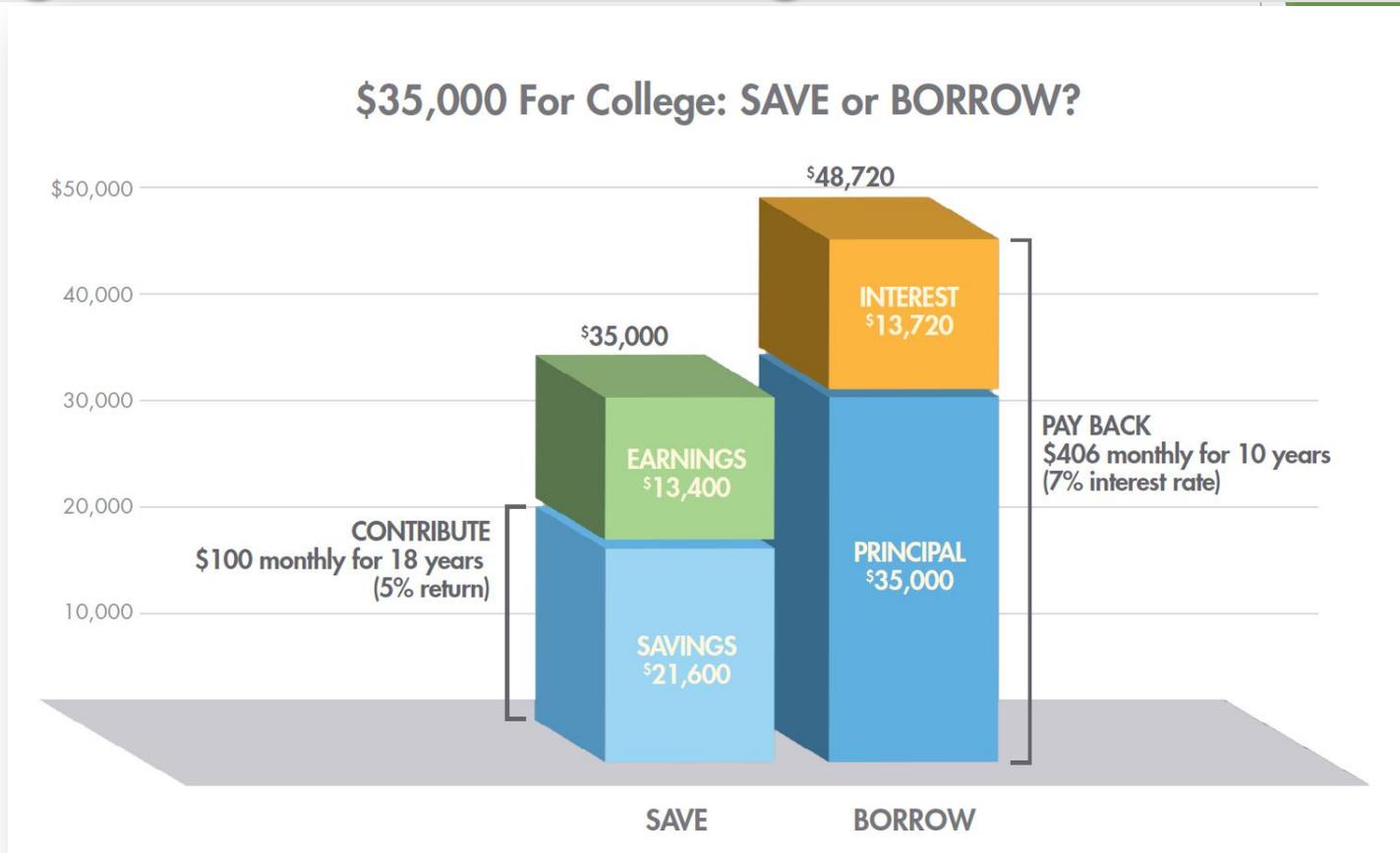
Cost of Movie Ticket \$8.17 <http://natoonline.org/data/ticket-price/>
Hypothetical example assumes \$32.68 over 18 years with 5% interest and 0 family savings
<https://bigfuture.collegeboard.org/pay-for-college/paying-your-share/college-savings-calculator#>

Tax-deferred growth



Assumptions: \$2,500 initial investment with subsequent monthly investments of \$100 for a period of 18 years; annual rate of return on investment of 5% and no funds withdrawn during the time period specified; taxpayer is in the 30% federal income tax bracket for all options at the time of contributions. This hypothetical is for illustrative purposes only. It does not reflect an actual investment in any particular 529 plan or any taxes or penalties payable/due upon distribution.

Saving versus borrowing



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.

Never too early to start saving!



Idaho state tax deduction

\$8,000

is the maximum annual Idaho state tax deduction that married filers can take for IDEal account contributions.

#IDEalFacts



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

\$4,000

is the maximum annual Idaho state tax deduction that single filers can take for IDEal account contributions

#IDEalFacts



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.

It's affordable!

Low minimum contribution amounts

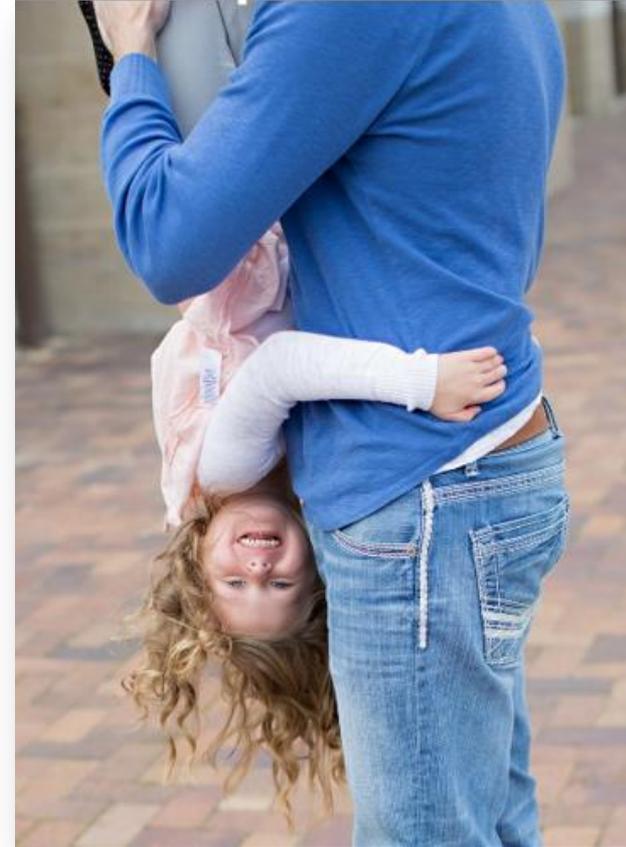
- \$15 for direct deposit (per paycheck per account)
- \$25 minimum Automatic Investment Plan

Low annual fees

- **Current - 0.69%**
- **New 0.51%** of invested assets
- \$20 annual fee on *non-resident* accounts
 - **BOTH** account holder/beneficiary are non- residents

High maximum account balance

- \$350,000 per beneficiary
- (aggregation of all accounts for the same beneficiary)



Investment options- fixed asset

Fixed-Asset Allocation Portfolio Investment Objectives

● Vanguard® Total Stock Market Index Fund
 ● Vanguard Total International Stock Index Fund
 ● Vanguard Total Bond Market II Index Fund
 ● Vanguard Total International Bond Index Fund
 ● Vanguard Inflation-Protected Securities Fund
 ● Vanguard Prime Money Market Fund

Aggressive Growth Portfolios



Growth Portfolios



Moderate Growth Portfolios



Conservative Growth Portfolios



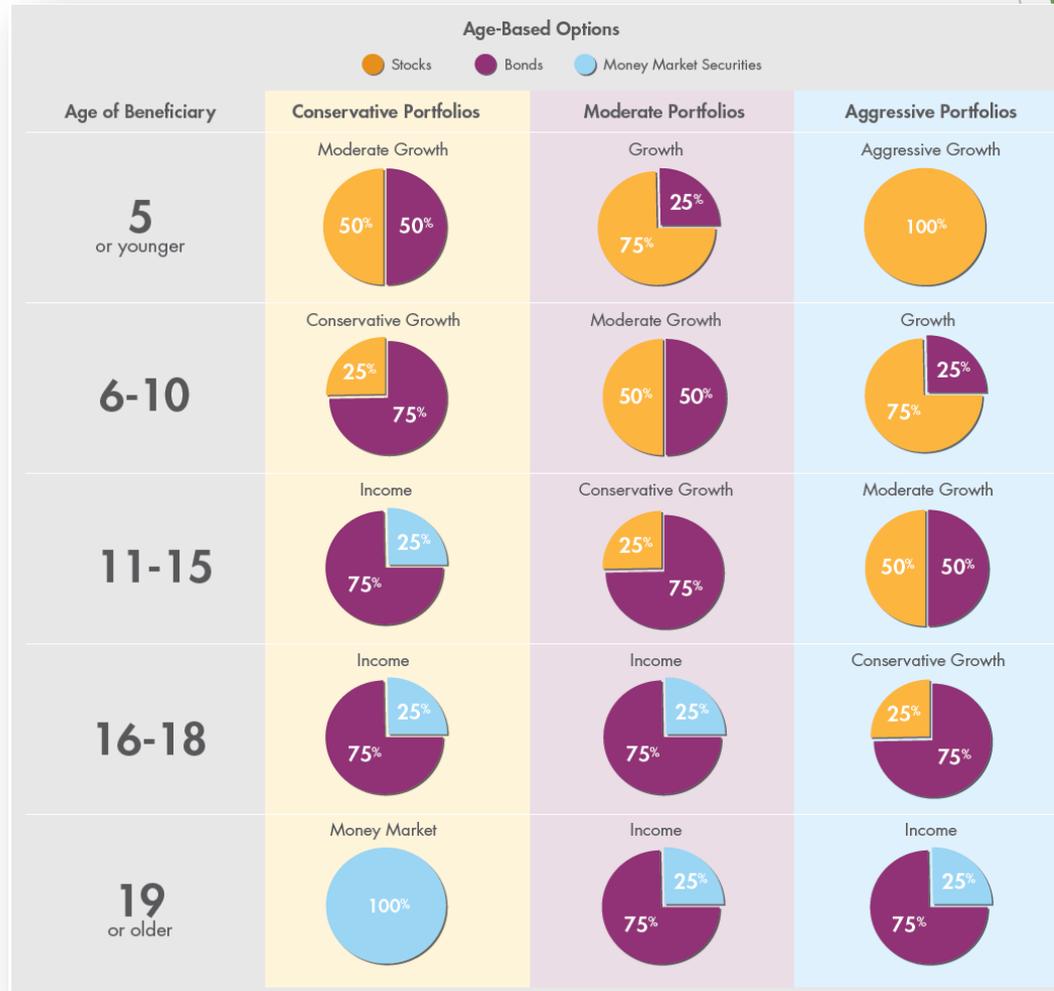
Income Portfolios



Money Market Portfolios



Investment options- age-based



Investment options: savings portfolio

- Seeks to provide income consistent with the preservation of principal
- Invests 100% of its assets in the Sallie Mae High-Yield Savings Account



FDIC-Insured up to \$250K

- The Savings Portfolio invests all of its assets in the Sallie Mae High-Yield Savings Account, ("HYSA"). The HYSA is held in an omnibus savings account insured by the Federal Deposit Insurance Corporation ("FDIC"), which is held in trust by the Idaho College Savings Program Board ("Board") at Sallie Mae Bank. **Contributions to and earnings on the investments in the Savings Portfolio are insured by the FDIC on a pass-through basis to each account owner up to \$250,000, the maximum amount set by federal law.** The amount of FDIC insurance provided to an account owner is based on the total of (a) the value of an account owner's investment in the Savings Portfolio; and (b) the value of all other accounts held by the account owner at Sallie Mae Bank, as determined by Sallie Mae Bank and FDIC regulations. Except for the Savings Portfolio, investments in IDEal - Idaho College Savings Program are not insured by the FDIC.

Maximum flexibility

Control

- Determine beneficiaries
- Change investments
- Make withdrawals

No Income Limits

- Open to anyone (*Not true for other types of accounts*)

Time

- Keep money in account indefinitely

Schools

- Use at any accredited program within the U.S.

Dual credits

participating

Boise State University

College of Southern Idaho

College of Western Idaho

Idaho State University

Lewis-Clark State College

North Idaho College

Northwest Nazarene University

University of Idaho

Left-over money?

Do nothing

- Earnings will continue to grow tax-deferred

Change the Beneficiary

- The new beneficiary must be a “member of the family” of the current beneficiary

Take a non-qualified withdrawal

- Earnings are subject to account owner’s ordinary income tax rate plus an additional 10% federal penalty tax
 - » 10% tax penalty tax earnings only
- No 10% federal tax penalty upon death, disability, receipt of scholarship by the beneficiary, or attendance at the five military academies



Estate planning

Contribute up to \$70,000 in 1-year of gift taxes per account³



- 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.

Estate planning

Contribute up to \$70,000 in one year of gift taxes per account³

4 in 10
Ideal account owners
are grandparents.



³ In the event you do not survive the 5-year period, a pro-rated amount will revert back to your taxable estate.

The gift that gives and gives...



- ▶ Easy-to-use online gifting program
- ▶ Contributor qualifies for tax deduction
- ▶ Great for
 - ▶ *Birthdays*
 - ▶ *Religious milestones*
 - ▶ *Holidays*
 - ▶ *Graduations*
 - ▶ *Any special occasion!*

\$825,398.61 in completed gifts as of 12-31-15

Program enhancements:



Vanguard®

Program enhancements:

- » **Recent federal 529 legislation:**
 - Computers and Internet an eligible expense
 - Allowing the redeposit of funds without negative tax implications



Program enhancements:

Full-time Field Representative

Nick Thiros

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



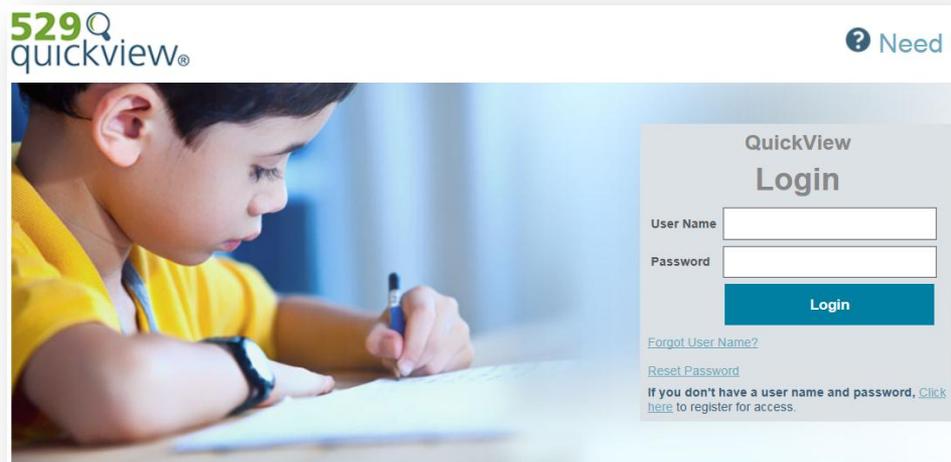
Nick Thiros is the Field Representative for the IDeal - Idaho College Savings Program. His keen understanding of 529 plans in general, and IDeal in particular, make him a valuable resource for spreading the word about saving now so students of any age can have a brighter tomorrow.

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

To schedule a visit or speaking engagement with Nick, please send an email to nickolas.thiros@idaho529.org or call 208-488-9879.

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

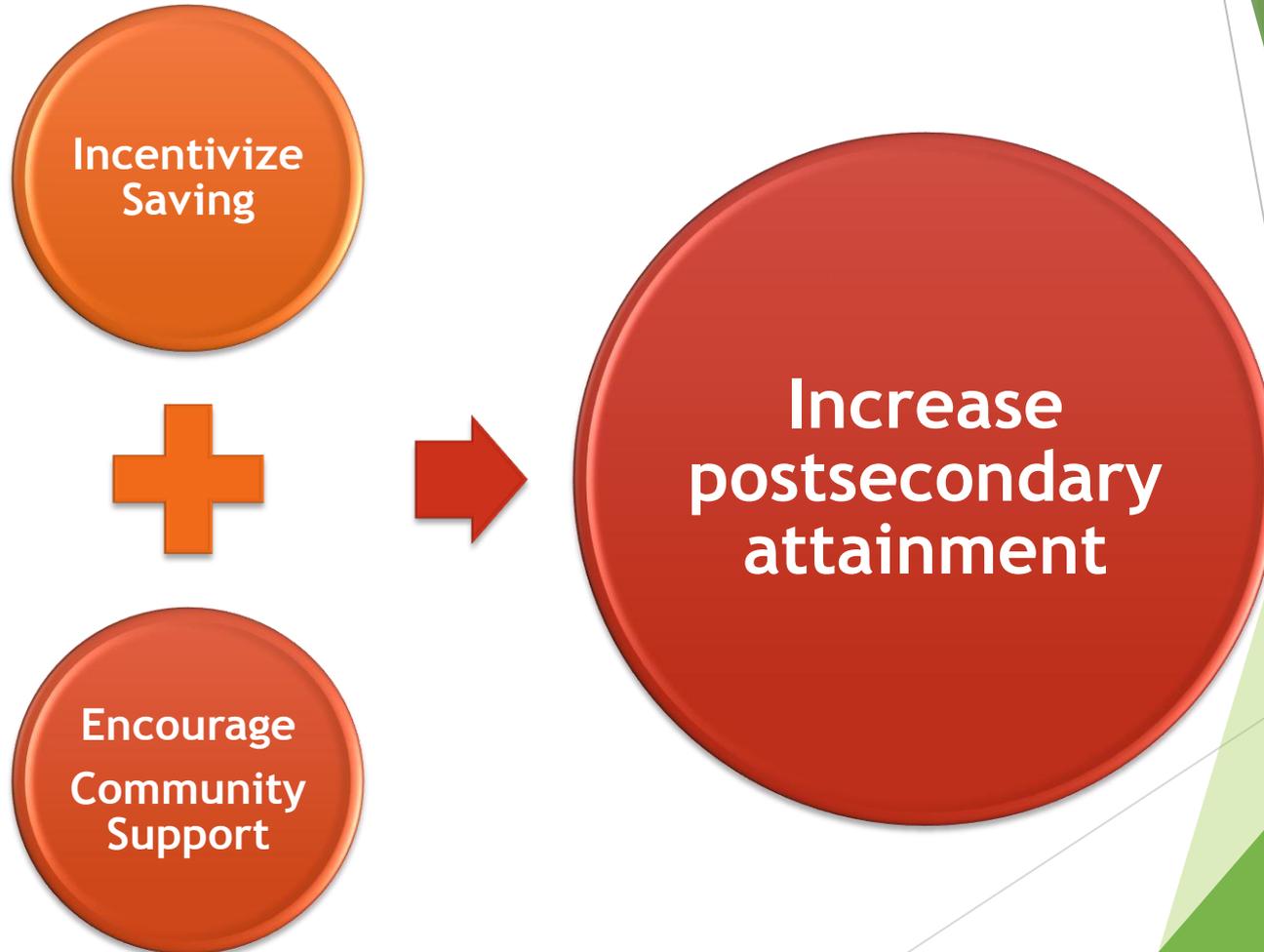
Generate these reports to help you start your client conversations:

- Annual account investment
- Client fund account balance
- Approaching beneficiary birthday
- Year to date contribution
- Approaching college age

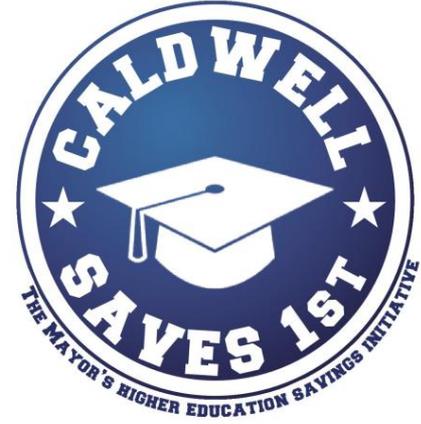
Program partners:

- ▶ Caldwell Saves 1st
- ▶ CWIDeal Boost matching grant
- ▶ Perspective Wealth Partners
- ▶ TVEP and FAFSA school nights
- ▶ Educate Idaho Network
- ▶ Local hospitals
- ▶ Idaho Press Tribune -Sports Stars

Partners- match programs



Match programs-elementary



City led program that seeks to help families

- become financially proficient
- begin saving for higher education in 1st grade
- activate community / businesses partners to support children in their journey to college and beyond

The Caldwell Saves 1st program has been selected as one of eleven cities in the nation to participate in the *National League of Cities Preparing for Postsecondary through Children's Savings Accounts Learning Collaborative*.

Match program - higher ed



The IDEal Way to Save
With an Additional Perk!

Here's How

YOUR FRIENDS & FAMILY CONTRIBUTE
TO YOUR IDEAL SAVINGS PLAN



IDEAL 529 COLLEGE SAVINGS

YOU GO TO CWI



COLLEGE OF WESTERN IDAHO

YOU RECEIVE EXTRA DOLLARS GOING
TO CWI & USING IDEAL SAVINGS FUNDS



GET UP TO \$500 MATCHING FUNDS

Our Mission:

**Helping Idaho
Families Make
Postsecondary
Education an
Affordable Reality!**





IDAHO



has more than



households with children under the age of 18¹?



BUT
LESS THAN

[14,000²]

PEOPLE ARE CURRENTLY SAVING FOR COLLEGE BY INVESTING IN THE

ideal IDAHO COLLEGE SAVINGS PROGRAM

Contact us!



**Christine
Stoll**

cstoll@idsaves.idaho.gov

208.332.2935

Important Legal Information

For more information about the Idaho College Savings Program (IDeal), call 866-433-2533 or visit www.idsaves.org to obtain a Disclosure Statement. The Disclosure Statement discusses 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. Ascensus Broker Dealer Services, Inc. (ABD) is Distributor of IDeal.

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

IDeal is administered by the Idaho College Savings Program Board (Board). ABD, the program manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory and recordkeeping 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 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.