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**SENATE EDUCATION COMMITTEE**  
**ANNUAL UPDATE**

Christine Stoll: Executive Director

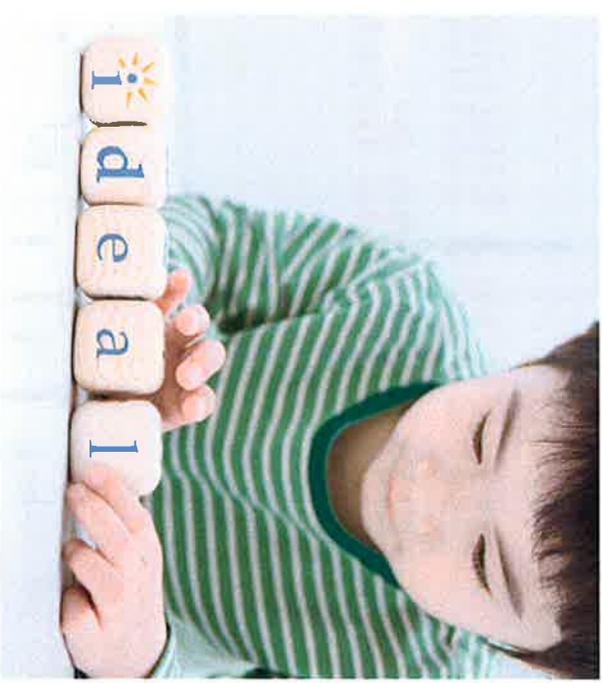


## IDEal:

- 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 Idaho College Savings Board is comprised of Idaho's constitutional officers and or designee.

Name	Title	Representing	Year started
Tim Hill	Deputy Superintendent, Finance	Superintendent of Public Instruction	2003
Brian Kane	Assistant Chief Deputy Attorney General	Attorney General	2008
David Hahn	Financial Management Analyst Sr.	Governor	2014
Betsie Kimbrough	State Election Director	Secretary of State	2016
Patrick Hodges	Deputy State Controller	State Controller	2016
Edelene Ohman	Director of Investments	Treasurer	2016

# Program growth

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## Positive gains

- Current Program assets total over **\$456 million**
- Beneficiary accounts = **33,622**
- Average balance per account is over **\$14K**
- **16% increase in assets** from December 2016 to 2017.



# 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.

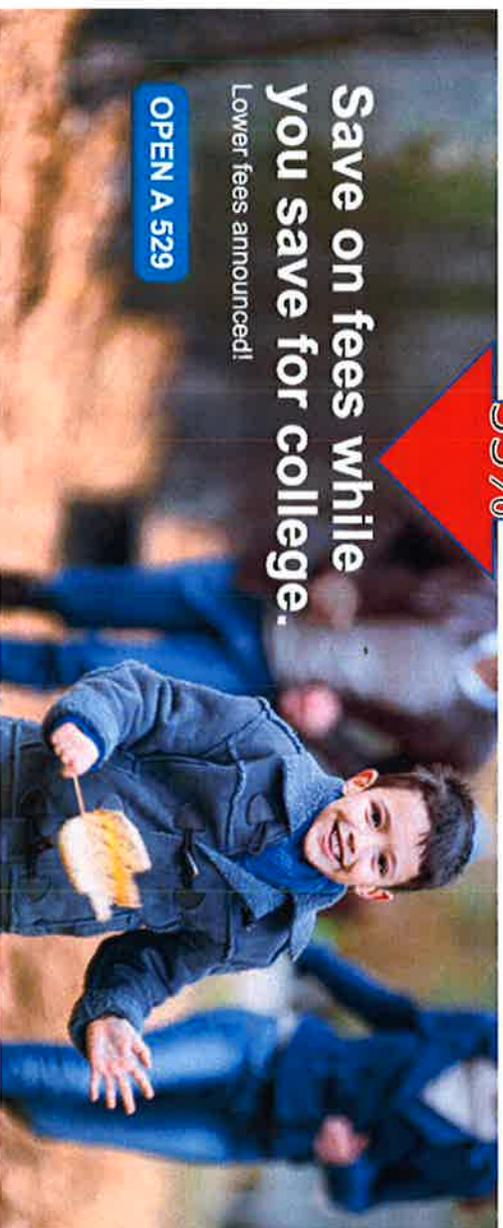
# Program enhancements

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reduced fees

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

33%



**Save on fees while you save for college.**  
Lower fees announced!  
**OPEN A 529**





# Program enhancements

Ideal income tax deduction increased 50%

**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\*

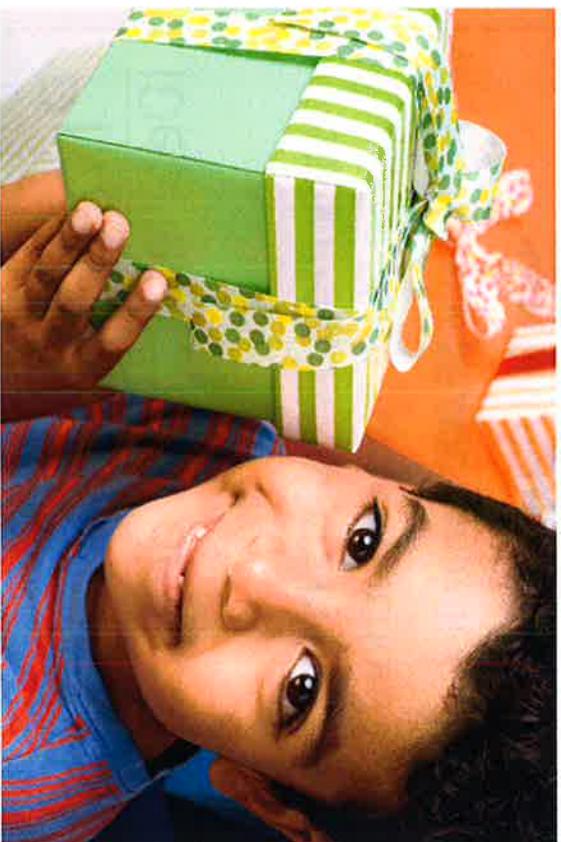
\*Contributions to the Ideal - Idaho College Savings Program are tax deductible from Idaho State income tax, subject to recapture in certain circumstances such as a non-qualified withdrawal or a roll-over to another state's qualified tuition program in the year of the rollover and the prior tax year.





Ugift® – Give College Savings

Updated gifting program

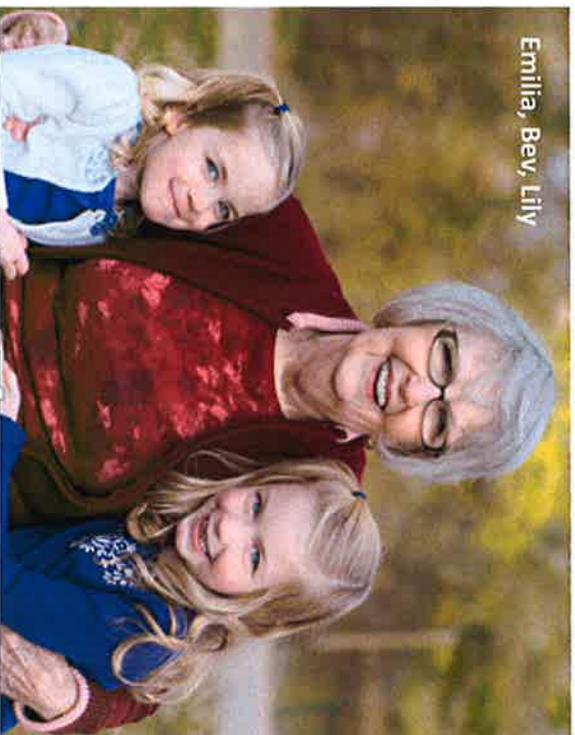


**Family and friends can now schedule recurring gifts online.**

- Over **\$1.5 million** gifts in 2017.
- **11% increase** from 2016.
- Over **\$.6.6 million** gifts since 2008.

# Estate planning

Federal gift exemption increased



## Contribute up to \$75,000 or 5-years worth of gifts to a 529 at one time.

The federal gift exemption was increased to \$15K in 2018

- 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.



# 2018 active legislation: H463

K12 expansion of 529



## Conformity with federal 529 law:

- K12 public, private or religious schools
- Up to \$10K annually per student
- Tuition costs only

## Idaho specific:

- Qualifies for state income tax deduction on Ideal Program contributions.



# 2018 active legislation: H515

## H515: amending 63-3022 tax code

- Section (o) is a technical correction to alleviate a double tax on the principle of a contribution.
- In the case where a nonqualified withdrawal is taken and a state tax deduction was not previously taken.
- Section (p) prevents a potential tax loophole.
- Requires a two-year recapture of funds rolled out to a 529A: Achieving a Better Life Experience (ABLE) account where a state tax deduction was previously taken.



# Questions?

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