



NEARLY HALF OF ALL PARENTS OF COLLEGE-BOUND KIDS DO NOT KNOW WHAT A 529 ACCOUNT IS

According to Survey Commissioned by Futuretrust® and Conducted by Harris Interactive®

Is it a lottery ticket number? A retirement plan similar to a 401k? A college loan payment? These were some of the incorrect answers parents¹ chose when asked, “What is a 529?” in a recent nationwide Futuretrust® survey, conducted by Harris Interactive. Futuretrust commissioned the survey to learn about the “Hopes & Dreams” of the average American family when it comes to saving for their child’s college education. It turns out that **nearly half (48%) of all parents do not know what a 529 is.**

“Considering how valuable a tax-free 529 college savings plan can be, it’s worrisome that so few parents know what they are” said Rebecca Matthias, President and Founder of Futuretrust. “We’re all accustomed to the idea of 401K’s, but 529 plans have not yet reached critical mass.” Parents may not be able to stop tuition costs from rising 8% each year, but they *can* take advantage of the tax code. And with automatic rebates deposited into a member’s 529 account, the Futuretrust college savings program is a great way to help parents add to those tax-free savings.

Choosing the right 529 is an important decision, which is why Futuretrust believes that each member should have that crucial flexibility. **For Futuretrust, a key point of difference is that it can be linked to any 529 plan.** Futuretrust can even help members open the right 529 plan through partners such as TIAA-CREF® and AXA Advisors®, LLC. Yet so many parents are still unaware of this valuable resource.

Some interesting 529 statistics:*

- Those families that need the most help are the least aware of 529’s: Only **35%** of those with household salaries under \$35K know what a 529 is. Of families earning between \$50K and \$74.9K, **50%** answered correctly. For families with an income of \$75K or greater, **69%** know what a 529 is.
- College-educated parents were more aware of 529’s: **71%** of them know what a 529 is. Of those who did not complete college, only **44%** answered correctly -- a fact that has the potential to perpetuate a cycle of education disparity, and ultimately, a disparity in earning potential. According to a 2007 survey conducted by the US Census Bureau, a bachelor’s degree recipient will earn on average \$1.2 million more over a lifetime than someone with just a high school degree.

“These statistics are disheartening because the people who could most benefit from 529’s don’t know about them,” says Matthias. “Many 529 plans have low costs and low fees and they also offer valuable tax benefits that, when taken advantage of early, make saving for college attainable to families with fewer resources. The amount of savings a family can earn if they start when their child is born, as opposed to when he or she is ten years old, can be staggering.”

¹ For the purposes of this study “parents” have been defined as adults ages 18+ who are parents or expectant parents of children who are likely to attend college in the future.

(more)

**Source: The 2007 Futuretrust "Hopes & Dreams" survey.* The "Hopes & Dreams" survey was conducted online for Futuretrust by Harris Interactive between July 20 and 24, 2007 among 2,757 U.S. adults, of whom 989 are parents or expectant parents of children likely to attend college. Sampling error is +/- 3 percentage points. To learn more, log onto www.futuretrust.com

About 529 Plans

A 529 College Savings Plan is a state-sponsored, tax-advantaged savings plan that can help families and individuals save for higher education expenses. These plans offer a number of benefits, including tax-deferred growth and federal income tax-free withdrawals when used for qualified education expenses. This federal income tax-free treatment of qualified withdrawals and other federal tax benefits are now permanent for 529 plans through the passage of the Pension Protection Act of 2006. Savings can be used at most accredited colleges and universities in the U.S. and at many colleges abroad. Qualified expenses include tuition, fees, eligible room and board, books, supplies and required equipment for attendance at a higher education institution. In addition to the federal tax benefit, many states offer a state income tax deduction for contributions to their plans as well as state income tax-free withdrawals for qualified expenses.

#

Contact: Futuretrust
Judie Ashworth
215-873-2283
Jashworth@motherswork.com

blue sky communications
Linda Falcone or Erin Doyle
212-995-1777
linda@blueskypr.com, erin@blueskypr.com