



**FINANCIAL SERVICES
FOR THE GREATER GOOD®**

Private Colleges Make Prepaid Tuition Plan Available

Saving to pay for your child or grandchild's private college tuition? Independent 529 Plan lets you prepay private college costs at a savings. Qualified withdrawals are income tax free.

Pay for Future Tuition Now at a Discount

By purchasing tuition “certificates,” which can later be used at any of the more than 260 participating private institutions (more colleges are joining all the time), you get a discount of at least 0.05% annually, and your money is guaranteed to cover future tuition cost no matter how much it rises or what happens in the investment markets. Plan benefits apply only to undergraduate school.

You can prepay any amount you choose, up to five years of tuition at the most expensive participating college. You will potentially gain the most from the plan by making lump-sum purchases as early and often as possible. You can buy a certificate for as little as \$500. There is no minimum purchase as long as the \$500 threshold is met in the first two years. You can contribute as little as \$25 at a time, but you must contribute at least \$500 within the first two years of the initial purchase date.

You don't have to designate the college until the student is accepted for admission and makes a decision. Participation in Independent 529 Plan does not guarantee admission to any college or university, nor does it affect the admissions process.

In the needs analysis formula for determining financial aid eligibility, prepaid 529 plans are treated the same as any other parental asset. Consult your tax advisor for your best approach to college savings.

If the student decides to attend a nonmember school, there is no penalty on withdrawals as long as the money is used for qualified higher education expenses. If the student doesn't use the certificate, the benefits can be transferred to a relative, such as a sibling or first cousin. If the money ultimately isn't used for qualified higher education expenses, you have one year in which to obtain a refund, subject to program rules. (You get your principal, adjusted by actual investment return subject to a maximum gain or loss of 2% per year, compounded annually. Investment gain is subject to federal income tax plus a 10% penalty tax.)

How It Works

Example:

Independent 529 Plan Savings with the Discount*	
Today's price of one year current tuition at College X	\$25,000
What you will actually pay now for one year of tuition to be used in 10 years (assumes a 1% discount)	\$22,610
Projected price of one year of tuition at College X in 10 years , assuming 6% average annual tuition inflation	\$44,770
Your savings with a 1% discount	\$22,160
When your child enrolls 10 years after your certificate purchase, a full year of tuition will have cost you \$22,610 (your \$25,000 certificate minus 1% discount in this hypothetical scenario), when others without Independent 529 Plan will be paying the full \$44,770.	
The bottom line: You may be paying almost half of what someone without Independent 529 Plan is paying for the same education.	
Note: For amounts purchased that are less than a full year's tuition, the results would be proportionate.	

*Each participating institution's discount rate is at least 0.5% per program year. Participation in the plan does not guarantee acceptance at a participating institution.

Tuition Plan Consortium, LLC, a nonprofit corporation based in St. Louis, MO, sponsors the Independent 529 Plan. TIAA-CREF Tuition Financing, Inc. is program manager, and TIAA-CREF Trust Company, FSB, is program trustee. For more information and to receive a free brochure, call **888 718-7878**, or visit www.independent529plan.org. Read the Disclosure Booklet and Enrollment Agreement carefully before buying.

The tax information in this article is not intended to be used, and can't be used, to avoid tax penalties. It was written to support the promotion of Independent 529 Plan. You should seek advice from an independent tax advisor, based on your own particular circumstances.

©2007 Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF), New York, N.Y. 10017

C38912