

A message from State Treasurer Michael L. Fitzgerald: Make your tax refund work for you this year

When it comes to our children, we all want the best for them and their futures. Watching them grow and develop, we observe them exploring with their imaginations and discovering the endless possibilities for success in life. Graduating with a college degree is a huge achievement, and one way to help set them up for that success is to save for their higher education. However, much like the April 15 deadline for taxes, the time to start saving for your children's college education is over before you know it, which is why I encourage you to take your 2014 refund and invest it in your children's future.

By investing your refund in College Savings Iowa you have:

- 1. Tax savings.** 529 plans were designed to provide families and friends a tax-advantaged way to save for higher education expenses. Participants are able to withdraw their investment free from both federal and Iowa state income taxes when used to pay for qualified higher-education expenses.* Additionally, the state of Iowa allows Iowa taxpayers to deduct contributions up to \$3,163 per account from their 2015 state income taxes.**
- 2. Flexibility.** You have the ability to save for anyone: children, grandchildren, friends or even yourself. College Savings Iowa accounts may be used to pay for a variety of expenses, including tuition, books, supplies and certain room and board costs, at any eligible college, university, community college, vocational/technical schools and graduate schools.
- 3. Low minimum investments and low fees.** Getting started is easy and doesn't have to be expensive! Enrollment is free. Accounts can be opened with a minimum of \$25, and each additional contribution can be as little as \$25. Investors have the option to contribute regularly or whenever it is convenient. College Savings Iowa also doesn't charge enrollment, annual, withdrawal or advisor fees or commissions, which other types of plans may charge. Your only expense is a low annual asset-based fee of 0.26%. That means that for every \$1,000 you invest, you will only pay \$2.60 in fees per year.

Although there are many ways to prepare a child for a successful future, none can bring greater lifetime rewards than a quality education. As I always say when discussing College Savings Iowa with families, by starting early, saving a little at a time and making smart investment choices, you can make your college savings work for you and get the most out of these precious years. They grow up fast; you will be glad you planned for their tomorrow today!

About the Author: Michael L. Fitzgerald is the state treasurer of Iowa. He started the College Savings Iowa program in 1998 as a way to help families save for college and earn tax breaks at the same time. To date, College Savings Iowa has over \$4 billion in assets and has helped over 68,000 families pay for college.

**The earnings portion of nonqualified withdrawals may be subject to federal income tax and 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.*

***If withdrawals are not qualified, the deductions must be added back to Iowa taxable income. Adjusted annually for inflation.*

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Investment returns are not guaranteed and you could lose money by investing in the plan. Participants assume all investment risks as well as responsibility for any federal and state tax consequences. If you are not an Iowa taxpayer, consider before investing whether your or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program.

For more information about the College Savings Iowa 529 Plan, call 888-672-9116 or visit www.collegesavingsiowa.com to obtain a Program Description. Investment objectives, risks, charges, expenses, and other important information are included in the Program Description; read and consider it carefully before investing.