



REPORT: State of College Financial Preparedness in Idaho

Attitudes and Behavior of Idaho Families

Background

Idaho's economic demand for college graduates is growing. Additionally, the financial benefits of higher education are clear: college graduates earn an average of \$17,500 per year more than high school graduates.ⁱ

Financial preparedness is among the chief factors influencing whether students choose to go on and ultimately complete higher education—and thus, is a key area for the state to focus our collective time and resources.

IDEal – Idaho College Savings Program is Idaho's state sponsored, tax advantaged savings plan that helps Idahoans save for the cost of education. With the rising costs of college, developing a savings plan can be the first and most important step in helping families finance higher education goals.

In addition to the practical effect of potentially helping reduce out-of-pocket expenditures and dependence on student loans, studies by Washington University show that whether a family has saved *any amount* for college greatly impacts (up to seven times) a child's likelihood of going on and finishing their higher education.ⁱⁱ

With this report, IDEal—Idaho's 529 College Savings Program sheds light on the savings behaviors of Idahoans who are preparing for the costs of higher education and where more work can be done to promote college financial preparedness.

“Widespread reliance on student loans cannot be the status quo if we wish to sustain the work being done across our state right now to improve college-going rates. High loan balances can stall economic adulthood and lead to missed financial opportunities. Idaho's work to fund more scholarships is a meaningful and necessary first step. Long term, families also need a financial tool over which they have more direct control, such as the state's 529 college savings program.”

—Christine Stoll, Executive Director, IDEal—Idaho 529 College Savings Program

Data reported in this report compares the periods of December 2016-November 2017 and December 2017- November 2018.

Contents

Commentary.....	3
How Idaho Families and Leaders Can Help Promote College Savings.....	3
Key Findings.....	4
North Idaho Findings.....	5
Southwest Idaho Findings.....	7
Central Idaho Findings.....	9
Eastern Idaho Findings.....	11
Conclusion.....	12

Commentary

This report provides a benchmark for the coming years, and intends to show local communities both good news and room for improvement. As IDeal continues our work, we thank those who have partnered with the Program. We ask that community officials and leaders throughout our state take the opportunity to continue to educate Idaho families about this powerful tool for overcoming the financial barriers to higher education.

Our key takeaways include:

- Continued growth in the amount gifted to Idahoans' college savings accounts indicates an eagerness on the part of Idahoans to help save for loved ones' higher education costs.
- Market performance has demonstrated the potential powerful advantages of having an investment account dedicated to helping pay for higher education.
- Counties that saw few or no new college savings account ownership can and should consider renewed efforts to help educate families about how to start saving for college.

How Idaho Families and Leaders Can Help Promote College Savings

The incremental increase among Idahoans in saving for college demonstrated in this report is the result of work by not only IDeal—Idaho 529 College Savings Program, but also the many community stakeholders, educators, and organizations that have helped promote the Program to Idaho families.

As IDeal continues our work, we thank those who have partnered with the program, and we ask additional community officials and leaders take the opportunity to help educate their communities about Idaho's college savings program.

1. **Give the gift of college savings:**
The holidays or significant life events could be the perfect time to open or add to a college savings account for a family member or a friend.
2. **Ask for a 529 gift:**
If you have a college savings account for a child, ask friends and family to contribute to it in lieu of (or along with) toys.
3. **Host an information event:**
Invite an IDeal—Idaho 529 College Savings Program representative to speak at your school or workplace.
4. **Offer payroll direct deposit:**
IDeal—Idaho 529 College Savings accounts are a great way to offer a zero-cost voluntary benefit to employees.

Learn More at [IDSaves.org](https://idsaves.org)

Key Findings

More than 18,000 Idahoans are currently saving for over 35,000 students with IDEal—Idaho 529 College Savings Program.

Idahoans have 9.6 million more dollars in IDEal college savings accounts than they did this time last year.

This increase can be attributed in great part to market performance and continued saving by account owners. IDEal allows families to invest as a way to potentially save more money for higher education expenses, as well as receive Idaho state tax benefits. Savers have an average of approximately \$13,000 in their accounts.

Saving for college is on the rise among Idahoans.

Idahoans opened more than 4,500 new college savings accounts over the past twelve months, an increase of almost 600 compared to the number of accounts opened the previous year. However, those gains were made primarily in north and southwest Idaho; more work needs to be done to ensure that Idahoans in eastern and central Idaho are aware of the Program and in turn have the opportunity to open college savings accounts.

Idahoans across the state are gifting more college savings money to loved ones.

Idahoans gifted almost \$2 million to loved ones' IDEal accounts over the past year, an increase of more than six hundred thousand dollars over the prior year.

Gifting to college savings accounts rose in every region this year.

Eastern Idaho saw the greatest rise in giving the gift of college savings. Loved ones gifted eastern Idahoans 108% more money over the past year than in the year prior. This increase far outstripped gifting increases in other regions.

Additionally, Idahoans' efforts to save for higher education are paying off: Idahoans in 44 of 45 Idaho counties used \$14 million in IDEal funds to help pay for higher education. This shows the impact that IDEal is having on families in virtually all corners of the state.

Together, these data points demonstrate that there is a clear enthusiasm among Idaho families for tools to help address college costs. At the same time, slowed growth in Eastern and Central Idaho demonstrates a need for more work to be done to spread the word about IDEal.

North Idaho Findings

- North Idaho families have about \$650,000 more in their IDeal college savings accounts than they did a year prior.
- Latah County has the highest per-capita rate of college savings account ownership in the region, at 1%
- Loved ones gifted almost \$265,000 to North Idahoans' college savings accounts, an increase of 74% over the year prior.
- North Idahoans opened 720 new IDeal college savings accounts over the past year, which is 35% more accounts than were opened in the previous year. Region-to-region, North Idaho led the state in year-over-year percent increase in new college savings accounts opened.
- Just five North Idaho counties had residents who received the gift of college savings over the past year. Building on the enthusiasm of these counties, IDeal has a goal to encourage and increase the practice of giving the gift of higher education across North Idaho next year.

December 2017-November 2018	New Accounts	Approximate Change in College Savings*	Dollars gifted to college savings accounts
BENEWAH	0	(\$6,000)	\$ -
BONNER	81	\$31,000	\$62,000
BOUNDARY	16	\$35,000	\$-
CLEARWATER	7	\$37,000	\$-
IDAHO	29	\$78,000	\$2,000
KOOTENAI	364	\$214,000	\$155,000
LATAH	111	\$240,000	\$37,000
LEWIS	7	(\$6,000)	\$-
NEZ PERCE	88	\$4,000	\$9,000
SHOSHONE	17	\$24,000	\$-
North Idaho Region	720	\$650,000	\$265,000

***Note:** Dollar amounts are rounded throughout chart. Reduction in account ownership or savings may be a result of account owners using funds for qualified higher education expenses or closing the accounts. Data reported in this report compares the periods of December 2016-November 2017 and December 2017- November 2018.

North Idaho Case Study: Michael Nail

For Christmas this year, Michael Nail's parents won't be giving his children, Emmie and Eli, toys. Instead, the grandparents will be contributing to the children's IDEal—Idaho 529 College Savings Plan accounts.

Emmie, age eight, and Eli, age six, may not yet appreciate the gift of college savings. "They don't like it" says Michael. But that's okay with him, because, he says, "Having the kids be able to start with a clean slate after college is really important to my wife and me." Michael's parents don't mind either. "They're pretty practical folks," Michael notes, "so they'd rather put the money toward college than a toy."



Michael started saving for Emmie and Eli about three years ago. He and his wife both had help from their own parents financing their higher education, and the couple wanted to be able to do the same for their own children. As an accountant, Michael sees firsthand how student loans can impact a person's personal finances long after they graduate from college. "My younger clients—I tell them that I see people my age still paying for their education twenty years later."

Once Michael opened accounts for his children, he says it was easy to convince his parents to contribute to the children's college savings accounts on special occasions. "I just said if you want to put money into college savings accounts instead of buying a toy that's going to break in a few months, this is an option." Michael's parents use IDEal's online gifting feature.

By contributing to Emmie and Eli's college savings accounts, Michael's parents are also giving him a gift. "It's money I won't have to spend later," he states, but it's also helping him build peace-of-mind about his children's futures. "It's always easier to start saving now, versus putting your head in the sand and waiting."

Southwest Idaho Findings

- Southwest Idaho families have \$9.2 million more in their IDeal college savings accounts than they did a year prior.
- Ada County leads the region in per capita account ownership, at 2.2%, followed by Valley County at 1.3%.
- Loved ones gifted more than \$1.4 million to Southwest Idahoans' college savings accounts, an increase of 47% (or nearly half a million dollars) over the year prior.
- Southwest Idahoans opened 2,983 new college savings accounts over the past year, an increase of almost 500 over the number of new accounts opened the year prior.

December 2017-November 2018	New Accounts	Approximate Change in College Savings	Dollars gifted to college savings accounts
ADA	2461	\$8.2 million	\$ 1.3 million
ADAMS	4	\$18,000	\$550
BOISE	15	\$21,000	\$10,000
CANYON	346	\$597,000	\$69,000
ELMORE	8	(\$28,000)	\$1,500
GEM	28	\$10,000	\$5,000
OWYHEE	7	\$12,000	\$2,000
PAYETTE	35	\$80,000	\$105,000
VALLEY	29	\$223,000	\$46,000
WASHINGTON	9	\$8,000	0
Southwest Idaho Region	2,942	\$9.2 million	\$1.5 million

***Note:** Dollar amounts are rounded throughout chart. Reduction in account ownership or savings may be a result of account owners using funds for qualified higher education expenses or closing the accounts. Data reported in this report compares the periods of December 2016-November 2017 and December 2017- November 2018.

Southwest Idaho Case Study: Robin Rausch

Robin Kelley Rausch, of Boise is a mother of two children—ages seven and four—who tries to carry on the college-going culture from the one she grew up with to her own family now. A Buhl native, Rausch learned early in life about the value of higher education from her parents. “My parents would say, ‘Money comes and goes. Health can be unpredictable. But once you earn an education, that’s yours. Nobody can take your education away from you.’”



Rausch has had IDEal accounts for both of her children since they were infants, and contributes to the account monthly with automatic deductions. Robin’s parents help contribute to the account, and the children even chip in sometimes. “Last year my kids each received \$100 for Christmas from a grandparent, with no strings attached. They both chose to invest in their college savings accounts. Going to college is something that we talk about as a family and they clearly understand that value,” she says.

Education represents individual empowerment for Rausch’s own children. “My son is four, and I told him, ‘You are so close to being able to read and write your own stories.’ He got so excited that he is now writing miscellaneous letters and numbers on a notepad and says that he is writing a book.”

Rausch has some advice for parents who want to inspire their own children to go on to higher education: “I think the message needs to come from both parents and other family members. The message is a common foundation of the family culture. Beyond talking about it, both parents need to be on board with putting that money away now.”

Central Idaho Findings

- Central Idaho families have about \$16,000 less in their IDEal college savings accounts than they did a year prior. This is likely due to a combination of market performance and Idahoans withdrawing and utilizing their savings on college expenses. Central Idahoans used \$2.7 million from their IDEal accounts toward higher education over the past year.
- Blaine County leads the region in per-capita account ownership, at 1.7%.
- Loved ones gifted more than \$107,000 to Central Idahoans' college savings accounts, an increase of 23% over the year prior.
- Central Idahoans opened 283 new college savings accounts this year, a decrease of 24% compared to the number of new college savings account opened the year prior.

December 2017-November 2018	New Accounts	Approximate Change in College Savings	Dollars gifted to college savings accounts
BLAINE	96	(\$108,000)	\$60,000
CAMAS	0	\$10,000	\$10,000
CASSIA	27	\$68,000	\$1,500
GOODING	11	\$101,000	\$500
JEROME	10	\$51,000	\$3,000
LINCOLN	11	\$6,000	
MINIDOKA	15	\$27,000	\$2,000
TWIN FALLS	113	(\$171,000)	\$27,000
Central Region	283	(\$16,000)	\$107,000

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Central Idaho Case Study: Tamara Satterwhite

Tamara Satterwhite, of Twin Falls, loves collecting Idaho wildflowers. Someday, she might be able to make a career of her hobby. “I want to go into plant sciences. I really like plants, collecting them, categorizing them, and learning their names,” she says. Thanks to her IDeal—Idaho 529 College Savings Account, that dream has a good chance of becoming a reality.

Tamara’s mother has been saving for college with IDeal—Idaho College Savings Program since Tamara and her sister, Miranda, were young children. “She put money aside every paycheck,” notes Tamara.

Tamara started her higher education journey at College of Southern Idaho. When her first tuition payment came due for \$2,000, she turned to her IDeal account to make the payment. “It made my payments to CSI only \$100 a month,” she says.

At twenty years old, Tamara now manages her own IDeal account, and even contributes part of her paycheck to the account for post-graduate schooling. She’s an avid evangelist for the program: she urged her boyfriend to start his own 529 account, and tells her grandmother to contribute to the account in lieu of monetary gifts.

Tamara got a big break when she was hired by an employer that offers tuition reimbursement through Arizona State University's online program. She transferred to the university and uses her remaining IDeal funds help pay for books. She expects to finish a Bachelor of Science in Biochemistry two years from now, debt-free. She credits her mother, Angela Hubbard, for the sacrifices she made to provide her with an easier path to higher education. In fact, Angela just finished a bachelor’s degree last year. “It’s important to her that we have opportunities she didn’t have until later in life,” says Tamara.

Thanks to her mother’s dedication to saving, one of those opportunities Tamara gets to capitalize on is the ability to travel. “The only reason I’ve been able to do that is because I had IDeal. Going to school is important, but living your life is also important,” she says.

Eastern Idaho Findings

- Eastern Idaho families have \$200,000 less in their IDeal college savings accounts than they did a year prior. This is likely due to a combination of market performance and Idahoans withdrawing and utilizing their savings on college expenses. Eastern Idahoans used \$3.2 million from their IDeal accounts toward higher education over the past year.
- Teton County leads the region in per-capita account ownership, at 0.76%
- Eastern Idaho far outstripped other regions in terms of increased gifting to college savings accounts. Loved ones gifted approximately \$133,000 to eastern Idahoans' college savings accounts, an increase of 108% over the year prior.
- Eastern Idahoans opened 557 new college savings accounts this year, remaining nearly even with the of new accounts opened during the year prior.

December 2017- November 2018	New Accounts	Approximate Change in College Savings	Dollars gifted to college savings accounts
BANNOCK	122	(\$869,000)	\$12,000
BEAR LAKE	14	(\$1,500)	
BINGHAM	58	\$67,000	\$30,000
BONNEVILLE	232	\$303,000	\$58,000
BUTTE	0	(\$3,000)	
CARIBOU	4	\$41,000	
CLARK	0	\$1,000	
CUSTER	6	\$28,000	\$10,000
FRANKLIN	4	(\$7,000)	
FREMONT	10	\$16,000	
JEFFERSON	12	\$33,000	\$2,000
LEMHI	12	\$4,000	\$500
MADISON	31	\$45,000	\$3,000
ONEIDA	5	\$1000	\$7,000
POWER	13	(\$9,000)	\$8,000
TETON	34	\$151,000	\$2,000
Eastern Idaho Region	557	(\$201,000)	\$133,000

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Conclusion

The growing number of Idahoans opening new college savings accounts over the past year is the result of work by not only IDeal—Idaho 529 College Savings Program, but also the many community stakeholders, educators, and organizations that have helped promote the Program to Idaho families.

This report provides a benchmark for the coming years, and intends to show local communities both good news and room for improvement. As IDeal continues our work, we thank those who have partnered with the Program. We ask that community officials and leaders throughout our state take the opportunity to educate more Idaho families about this powerful tool for overcoming the financial barriers to higher education. It only takes \$25 to start saving now. Learn more at idsaves.org

ⁱ *The Economist*, “Is College Worth It?” <https://www.economist.com/news/united-states/21600131-too-many-degrees-are-waste-money-return-higher-education-would-be-much-better>

ⁱⁱ <https://source.wustl.edu/2011/04/kids-with-savings-accounts-in-their-name-six-times-more-likely-to-attend-college/>
<https://csd.wustl.edu/publications/documents/rpb09-29.pdf>

About IDeal — Idaho College Savings Program

IDeal is located within State Treasurer’s office and is administered by the Idaho College Savings Program Board. Ascensus Broker Dealer Services, Inc. serves as Program Manager.

For more information, about IDeal, contact Christine Stoll at 208-332-2935, cstoll@idsaves.idaho.gov, or visit www.idsaves.org.

These testimonials may not be representative of the experience of other customers and are not a guarantee of future performance or success of the funds in the 529 accounts.

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.

If you are not an Idaho taxpayer, consider before investing whether your or the beneficiary’s home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state’s qualified tuition program.

IDeal is administered by the Idaho College Savings Program Board (Board). Ascensus Broker Dealer Services, LLC (“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.

Not FDIC-Insured (except for the Savings Portfolio).

No Bank, State or Federal Guarantee.

May Lose Value.