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New State and Federal Legislation Boosts College Savings Plans

(Boise) – The Idaho Legislature has overwhelmingly approved a plan to give Idahoans who are saving for college and business owners who support college savings efforts even more reasons to participate in IDeal—Idaho's 529 College Savings Plan.

By a margin of 33-1, the Senate voted March 18 in favor of HB 550, a bill that provides a 20 percent tax credit for employers who contribute to IDeal. The House approved the bill earlier and it was signed into law on March 24th by Governor Brad Little.

“This legislation really helps address two important issues facing our state: encouraging more of our young people to pursue higher education and giving employers the ability to influence the increasing demand for a more educated workforce,” said Christine Stoll, Executive Director of IDeal, Idaho’s 529 College Savings Program. “I applaud the broad bipartisan support for this proposal, which recognizes its value for Idaho students, families and our future workforce,” she said.

For employers like Dodds Hayden, CEO of Hayden Beverage, incentives like those included in [HB 550](#) significantly enhance the ability to recruit and retain employees. “As I try to think about the different ways we can make our employees’ lives better, certainly one of those is helping each generation move a little further as far as education goes,” Hayden said. “The more companies in Idaho that do this, the better our state will be served by a more educated populace.”

The legislation sets a maximum of \$500 in tax credits per employee annually. In addition, the Legislature approved [separate legislation](#) that harmonizes Idaho tax law with the federal code regarding withdrawals. A specific outcome of this new legislation allows IDeal to treat military academy scholarships the same as any other scholarship.¹

These state level changes follow two policy adjustments approved at the federal level late last year. The federal legislation, known as the Setting Every Community Up for Retirement Enhancement (SECURE) Act, expanded the types of expenses eligible for state and federal tax-free withdrawal from an IDeal 529 account.

Under the legislation, tax-free, qualified withdrawals from 529 plan accounts now also include those taken for:²

¹ Contributions to all qualified tuition programs (529s) such as IDeal are completed with after-tax funds. In the case of a scholarship, a withdrawal may be taken up to the amount of the scholarship or grant without being subject to a 10% Federal Penalty Tax imposed on non-qualified withdrawals. Federal and state income taxes on the earnings portion of these withdrawals still apply.

² <https://www.idsaves.org/home/secure-act-update.html>

- Apprenticeship programs, including fees, books, supplies and equipment required in programs certified by the U.S. Department of Labor; and
- Student loan repayments, including principal or interest on any qualified education loan of the beneficiary or any sibling of the beneficiary, up to a lifetime limit of \$10,000 per individual.³

Collectively, Stoll said, these improvements to the Ideal–Idaho 529 College Savings Program broaden the value of saving now for future education expenses, especially as tuition costs and post-graduation debt burdens increase.

³The federal income tax deduction for any interest included in that education loan repayment may not also be taken.

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About IDEal – Idaho College Savings Program

IDEal’s office is located within the State Treasurer’s office. IDEal is administered by the State College Savings Program Board. Ascensus Broker Dealer Services, LLC serves as Program Manager. The State College Savings Board consists of the following members:

- State Treasurer Julie Ellsworth, Board Chair
- Governor Brad Little (Greg Wilson, designee)
- State Controller Brandon Woolf (Patrick Hodges, designee)
- Attorney General Lawrence Wasden (Brian Kane, designee)
- Superintendent of Public Instruction Sherri Ybarra (Tim Hill, designee)
- Secretary of State Lawrence Denney (Chad Houck, designee)

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

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. Ascensus Broker Dealer Services, LLC (“ABD”) is Distributor of IDEal.

Before you invest, consider whether you’re 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 the that state’s qualified tuition program.

IDEal is administered by the Idaho College Savings Program Board (“Board”). ABD, the program manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping and administrative services, and marketing. 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 and a

separate account 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.