

Shop Your Way to College

BY DEAN SCHERMERHORN

Family Pulse's CliffsNotes for smart college saving plans in Nevada

Who knew that shopping could help you pay for college? Nevada families have choices in college savings plans – even a plan that rewards your college fund for shopping and dining. Before heading for the mall, though, learn more about your options.

A “529” college savings plan (named for section 529 of the Internal Revenue Service Code) allows you to save for qualified education expenses while enjoying tax advantages. Money invested in a 529 plan grows tax-free, and withdrawals spent on qualified college expenses also are tax-free. Talk with a financial advisor about investment risks and possible tax penalties.

The law that permitted 529 plans created two means of saving for college, and Nevadans can participate in both: A prepaid tuition plan and a college savings investment plan.

Lock in the cost of tuition now

The Nevada Prepaid Tuition Program pays only for tuition. Parents, grandparents and friends can pay for the future college tuition of children aged newborn to ninth grade.

When joining the plan, you sign a contract that allows you to pay for a two-year community college, a four-year university or a “2+2” program. An actuary designs the pricing schedule in the contract, and the Nevada System of Higher Education sets the tuition cost for the student’s credit hours.

Parents may choose to pay a lump sum, spread 60 equal payments over five years or pay each month from the time of enrollment in the plan until the child is ready to start college.

The person purchasing the plan or the student beneficiary must reside in Nevada. If the purchaser is not a Nevada resident, however, he or she must have graduated from a university or college in Nevada.

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Millennium Scholarship going strong

Nevada students and families also benefit from the Governor Guinn Millennium Scholarship Program. According to Reba Coombs, executive director of the program, since its launch in 2000, the program has spent more than \$177 million, resulting in more than 13,000 bachelors and associates degrees, plus other certificates.

As of July 17, 2008, the program had 47,344 students with active scholarships. Of those, 22,398 students were using the funds to pursue higher education. The high school class of 2008 included 8,416 graduates eligible for the Millennium Scholarship.

Although the program is intended to pay for tuition at Nevada schools, you may spend the funds for private or public colleges and universities out of state. You may even transfer the funds to pay tuition for another family member, including a first cousin.

Build a nest egg for college expenses (it's tax-free)

College savings plans permit account holders to save for students' eligible college expenses, such as tuition, room and board, and books at any college or university. To understand the dollars and cents, note these points:

- The State of Nevada offers plans from Upromise, Columbia, USAA and Vanguard.
- Requirements for opening and funding an account vary from plan to plan. For as little as \$15 per pay period, you can open and fund a college savings program in Nevada.
- The maximum amount a single beneficiary can have in Nevada is \$310,000.
- None of these four plans has a Nevada residency requirement.

To learn more, visit the State Treasurer's website at www.nevadatreasurer.gov or call Kim Huys at the Nevada College Savings Office in Las Vegas at (888) 477-2667 or (702) 486-2025.

Let's go shopping

Families who choose the Upromise plan can earn rewards from more than 40,000 participating retail stores and businesses nationwide. About 7,000 brand-name products offer Upromise Rewards, as do more than 550 leading online retailers. If all this shopping makes you hungry, you can earn Upromise Rewards at several local eateries.

The amounts of rewards vary by product and company. For complete details, visit www.upromise.com/viewAllCompanies.do.

A win-win for Nevada

Nevada State Treasurer Kate Marshall is a true believer in the College Savings Plans of Nevada. She's not only chair of the Board of Trustees, but as a mom, she participates in the state employees' Upromise payroll-deduction plan.

"Enabling Nevadans to attend college brings tremendous benefits to our state," Marshall emphasizes. Young people who complete a college education gain increased earning potential throughout their lifetimes. While many feel overwhelmed by the thought of saving for a higher education, Marshall encourages parents to, "Do yourself some good and start earning interest on your money, rather than paying interest on a college loan."

For more details on qualifications, talk with a school counselor or visit the Nevada State Treasurer's website at www.nsea-nv.org.

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