



# State of Tennessee

**David H. Lillard, Jr., State Treasurer**

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## **New Interactive Web Tool Helps Tennessee Families Better Understand College Savings**

[www.tnstars.com](http://www.tnstars.com) *Launches Free Online Tutorial*

The TNStars College Savings 529 Program unveiled a new interactive program guide today on its web site. The online tutorial is designed to help Tennesseans quickly and easily learn about the State of Tennessee's new college savings program.

Anyone who visits [www.tnstars.com](http://www.tnstars.com) can use the interactive guide for free.

The interactive guide helps people explore options for saving for a child's college education expenses – from calculating how much to save each month, to learning about common myths and facts regarding 529 plans and other related topics. There are even fun quizzes along the way to test how much site users have learned.

The Tennessee Stars College Savings 529 Program is a tax-advantaged college savings plan that is designed to help Tennessee parents, grandparents and friends support the educational needs of loved ones. The plan takes its name from Section 529 of the Internal Revenue Service Code, which authorized the creation of tax-advantaged plans in 1996.

"Tennessee needs a highly-educated workforce to continue to attract businesses that bring new jobs to the state," said Treasurer David H. Lillard, Jr. "And the TNStars College Savings 529 Program offers Tennesseans a low-cost way to save for children's college expenses with attractive investment options and special tax advantages."

The addition of the interactive guide isn't the only big news from the TNStars program. The Tennessee Department of Treasury also recently announced that a popular incentive for the program was being extended. When the program launched last September, the Treasury Department offered a \$50 match for the first \$50 invested in a new account and a \$100 incentive for new accounts that were rolled over from other 529 plans. Those incentives were initially offered through Dec. 31, 2012. However, both incentives proved to be so popular that they have been extended through June 30. While participation in the TNStars program is open to anyone, including people living in other states, the incentives are only offered to Tennessee residents.

There are many benefits to investing with TNStars College Savings 529 Program. The plan is available to everyone and the investment returns on savings are tax free as long as they are used for approved

education-related expenses. The money saved may be applied to higher education, including public or private colleges and universities inside or outside the state of Tennessee as well as any other educational entities eligible to receive federal student loan funds, such as Tennessee technology centers.

Benefits of TNStars include:

- Low fees that will be on par with the top-rated plans in the nation;
- 14 investment options and an age-based option covering a wide array of investment strategies;
- Federal tax-free earnings if the money is used for higher education expenses;
- Availability to anyone regardless of income level. Parents, grandparents, aunts, uncles and friends can open accounts on behalf of children;
- Contributions qualify for a \$13,000 annual federal gift tax exclusion. Also, a lump sum of \$65,000 may be contributed to a 529 plan and treated as if it were made over a five-year period to completely avoid the federal gift tax; and
- Plan contributions aren't considered to be a part of an estate for federal tax purposes. Account owners still retain control of the accounts, but do not pay federal estate taxes on the value of the accounts. But if a gift is spread over five years and the account owner passes away within the five years, a portion of the gift will be included in the estate.

Participants have control over how they manage their investments with the TNStars College Savings 529 Program. The plan offers an age-based option in which investments are more aggressive when children are young and then become more conservative as the children approach college age. The plan also offers individual investment options, including domestic and international equities, balanced fund options, fixed income options, and an FDIC-insured option. The underlying investments for the plan will be offered from more than one fund company.

Anyone interested in opening an account with the TNStars College Savings 529 Program can learn more by visiting [www.tnstars.com](http://www.tnstars.com) or by calling (855) 386-7827 toll-free.

Businesses are also encouraged to make it easier for their employees to save by offering payroll deductions to the program. Any business interested in offering payroll deductions can learn more by visiting [www.TNStars.com](http://www.TNStars.com) or by calling (855) 386-7827 toll-free.

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