

Dear Editor:

I am writing as chairman of the College Savings Foundation, a Washington, D.C.-based not-for-profit organization, to salute the leadership of Senator Mike Crapo in helping American families save for college. Senator Crapo recently sponsored legislation that would make permanent the important tax benefits for 529 college savings plans.

529 plans (named for the section of the Internal Revenue Code) are state-sponsored college savings plans used by millions of American families to save for college. To date, over 7 million accounts have been created nationally and more than \$64 million has been invested in Idaho's own plan. With the average cost of tuition for a 4-year public and private education at \$45,000, and \$112,000, respectively, and an expected increase of more than 50% in the next 15 years, it is more important than ever that families are given the means to prepare for these costs.

Under current law, individuals make after-tax contributions into 529 plans, have the earnings grow tax-free, and then withdraw these amounts tax-free if used for qualified higher education expenses. After 2010, however, amounts withdrawn will no longer be tax-free, but will become taxable at the beneficiary's tax rate. The potential loss of the tax-free benefit creates uncertainty about the future treatment of 529 plan savings, making families reluctant to save in advance for college using these plans.

By sponsoring legislation that will make the tax-free treatment of qualified withdrawals from 529 plans permanent, Senator Crapo is helping to ensure that families throughout Idaho and the nation are able to confidently save on a tax-favored basis for the rising costs of higher education. This is yet another sign of Senator Crapo's long-standing commitment to the educational needs of Idaho families.

Sincerely,

David Pearlman  
Senior Vice President & Deputy General Counsel, Fidelity Investments  
Chairman, College Savings Foundation