



CollegeSavings
FOUNDATION

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COLLEGE SAVINGS FOUNDATION COMMENDS U.S. SENATORS GRASSLEY AND BAUCUS ON BILL TO MAKE TAX-FREE 529 WITHDRAWALS PERMANENT

Washington, D.C., May 24, 2005 – Senators Charles Grassley (R-IA) and Max Baucus (D-MT) today introduced legislation to make permanent the tax-free treatment of qualified withdrawals from Section 529 plans. These plans, which include both prepaid tuition plans and savings plans, have become critical tools enabling today’s families to finance the increasing costs of higher education. Senators Grassley and Baucus, Chairman and Ranking Member, respectively, of the Senate Finance Committee, were joined in introducing the College 529 InvEST Act of 2005 by families from Iowa and Montana who have experienced the benefits of saving through these plans, and others.

“In the face of ever-rising college tuition, 529 Plans offer American families the security of saving for their children’s education without worrying that the tax-favored treatment will change,” said David Pearlman, chairman of the College Savings Foundation (CSF). “We commend Senators Grassley and Baucus for recognizing the importance of encouraging American families to save for this major life event and working to ensure that the tax treatment of these important savings vehicles will continue, thereby giving families the confidence that these tax-favored savings will be there when needed. ”

In 2001, Congress enacted reforms providing tax-free treatment for withdrawals from 529 plans that are used for higher education expenses, as well as making the plans easier to use and less expensive to administer. These reforms, however, are currently scheduled to sunset after 2010. The Grassley-Baucus bill would make permanent these reforms so that families can plan for increasing college costs without fear of adverse tax implications or unanticipated alterations to the Plans as they now exist.

The College Board has reported that, for the 2004-2005 academic year, the average annual cost of attending a four-year public college or university increased 7.8% (to \$11,354) and the cost of attending a four-year private institution increased 5.6% (to \$27,516).

Representatives Melissa Hart (R-PA) and Earl Pomeroy (D-ND) last week introduced companion bill H.R. 2386 in the House of Representatives.

“We are hopeful that, in light of these new bipartisan bills in the House and Senate, Congress will move promptly to make the 2001 529 plan reforms permanent,” Pearlman said. “Quick legislative action will ensure that families’ efforts to save for college can continue uninterrupted.”

Note to Editors: The College Savings Foundation (CSF) is a Washington, D.C.-based not-for-profit organization with the mission of helping American families achieve their education savings goals, by working with public policy makers, media representatives and financial services industry executives in support of education savings programs. CSF serves the education savings industry as a central repository of information and an expert resource for representatives of state and federal government, institutions of higher education and other related organizations and associations. A primary focus of CSF is building public awareness of and providing public policy support for 529 plans – an increasingly vital college savings vehicle. CSF’s members include firms that offer 529 college savings programs and/or participate in those programs as investment managers; associate members include law firms, accounting and consulting firms, governmental bodies and non-profit agencies and individuals who support CSF and its mission. www.collegesavingsfoundation.org

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