



TEXAS 529 UPDATE

BROUGHT TO YOU BY THE TEXAS TUITION PROMISE FUND®, THE STATE'S 529 PREPAID COLLEGE TUITION PLAN MAY 2024



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The History of 529 Day

In planning for college expenses, no date carries as much significance as May 29 (5/29). Known as “529 Day,” this date highlights the benefits of 529 plans, a critical tool for families preparing for the future cost of higher education. As we approach May 29, let’s dig into the history of 529 Day and why it’s become an essential part of the financial literacy calendar.

The story of 529 Day begins with the creation of 529 plans themselves. Named after Section 529 of the Internal Revenue Code, these plans were designed to help families set aside funds for future college expenses. With tax advantages and flexibility in usage, 529 plans quickly became a popular choice for preparing for future education costs.

The idea to commemorate a day specifically for promoting awareness and understanding of 529 plans was a natural progression in enhancing financial literacy among American families. The [College Savings Foundation](#)

founded National 529 Day, and the Registrar at the National Day Calendar proclaimed National 529 Day to be observed on May 29. By associating the date, May 29, with Section 529, advocates created a memorable hook to engage the public, educators and financial professionals in a dialogue about planning for college.

The significance of 529 Day extends beyond its educational aspect; it serves as a yearly reminder for families to assess their college planning strategies and make informed decisions. This focus on financial planning has contributed to the growing awareness and adoption of 529 plans nationwide. As of today, millions of families have established these plans, securing billions of dollars for future educational expenses.

As we celebrate 529 Day, it’s an opportunity to reflect on the role of 529 plans in making higher education more accessible. As this day grows in recognition and impact, it promises to help pave the way for a brighter academic future for generations to come.

FINANCIAL ADVISORS: CONTACT OUR OFFICE TO SCHEDULE A FREE PRESENTATION

PREPARING YOUR GRADUATE FOR COLLEGE

Imagine summer break as a pause button before hitting play on the next fantastic adventure: college! While it's important to relax and recharge, it can also be a great time to get a head start on preparing for college. Here are some tips to help you get your graduating student ready for this next step:

- Maintain their mental focus by promoting activities that sharpen their intellect, such as reviewing textbooks for their classes or exploring possible career paths through volunteering or interning in areas aligned with their interests.
- Prepare for dorm living by collaborating on a list of necessary items for their dorm room, such as bedding, towels and maybe even a mini fridge! You can also create a timeline and budget with your graduate to help them learn how to manage their finances in college.
- Help them familiarize themselves with the college campus before they arrive. This can include learning about helpful resources like the library, health center and student support services. It's also a good idea to research safety protocols on campus.
- Talk about this new adventure. Encourage open communication with your student, where they can freely share any anxieties or questions they might have. Talk about your own experiences attending college. Listen actively and create a space where they feel comfortable sharing their feelings about this new journey.
- Celebrate the journey and remind them that college is a time to explore, learn and grow. Make it fun. Be excited with them about this new adventure and the amazing things they'll experience!

By taking advantage of these summer tips, your graduating student can enter college feeling more prepared and confident. With a proactive approach, their transition will be easier, and you'll provide the foundation for a successful and meaningful college experience.

Maximizing the Benefits of 529 Plans



If you're working with a financial advisor, ask them about the LoneStar 529 Plan.

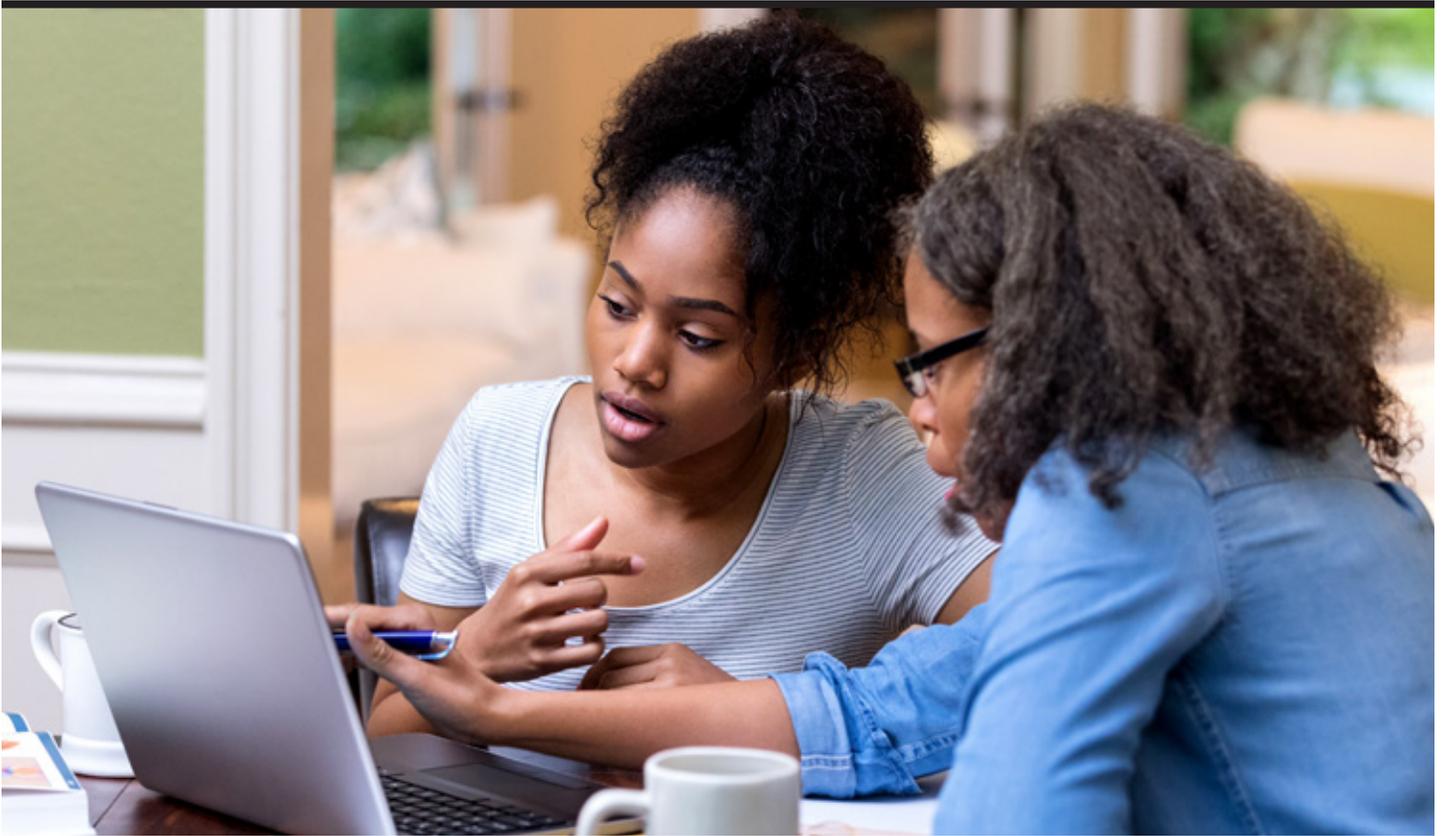
Preparing for college expenses represents a challenge for many families. In response, 529 plans emerged as a flexible and tax-advantaged method to prepare for future educational expenses. These plans offer a way to grow contributions tax-deferred, with tax-free withdrawals if used for qualified education expenses.

There are two types of 529 plans: college savings plans and prepaid college tuition plans. While all state 529 plans are allowed by Internal Revenue Code, Sec. 529, each state offers its versions with distinct features. Texas offers two college savings plans – the direct-sold Texas College Savings Plan® and the advisor-sold LoneStar 529 Plan® – and a prepaid college tuition plan – the Texas Tuition Promise Fund, which enables families to enter into a contract with the state of Texas to lock in current tuition rates and schoolwide required fees at Texas public colleges for all or a portion of future education costs, adding a layer of predictability to college planning.

To maximize the benefits of 529 plans, start early and contribute regularly. Implementing a “set it and forget it” strategy through automatic contributions can simplify account contributions. The Texas 529 plans allow families to automatically transfer funds from their bank account into their 529 account. These plans also accommodate gift contributions from friends and family, presenting an excellent opportunity to augment contributions during special occasions like birthdays and holidays.

Through strategic use of 529 plans, families can navigate the complexities of preparing for college costs with greater ease and efficiency.





Using Your Tuition Units

Before redeeming your Texas Tuition Promise Fund tuition units, your account must meet a few important requirements: Ensure the units you want to redeem have met the three-year holding period, your account has a valid Social Security number for the purchaser and beneficiary, your contract hasn't reached the 10-year termination deadline, and your contract doesn't have outstanding fees or charges. If you have an installment contract, your contract must be paid in full before redeeming units.

When you're ready to redeem your tuition units, you can establish online account access or just log in if you've already set up account access. You can authorize payment online at TuitionPromise.org through the [Login page](#). Another option is to submit the [Benefits Authorization Form](#) available

on the website under "Documents."

If your beneficiary is attending a Texas public college or university, authorizing benefits will initiate a notification to the school regarding the quantity and type of tuition units you have redeemed for your beneficiary. It's important to inform the school's billing office that you're utilizing the plan. The Texas public college or university your beneficiary is attending should pre-credit his or her account based on your redemption and bill the plan for tuition and schoolwide required fees covered by the units redeemed after the school's add/drop period. The plan will pay the school within 30 days of receiving a correct billing.

If your beneficiary is attending a medical or dental school, Texas private college or university, out-of-state college or university, career school

or apprenticeship program, you will need to authorize payment of the Transfer Value, which is the lesser of (1) the costs the tuition unit would cover at a Texas public college or university, or (2) the original purchase price of the tuition unit plus or minus the plan's net investment earnings or losses on that amount. You can authorize payment of Transfer Value either online or by submitting the [Transfer Value Payment Authorization Form](#) available on our website under "Documents," along with a copy of the itemized bill from the school or apprenticeship program that details the tuition and schoolwide required fees.

By following these steps, you can help ensure a seamless experience when redeeming your tuition units and supporting your beneficiary's educational journey. Visit TuitionPromise.org for more details.



UPCOMING WEBINARS

The Texas Tuition Promise Fund is offering virtual learning opportunities about the plan. [Register](#) for one of our upcoming webinars, and learn more about tuition units, tuition unit redemption values, payment options and more.*

*Residency restrictions apply.

MATCHING SCHOLARSHIPS AVAILABLE TO PLAN ENROLLEES

The Texas Match the Promise FoundationSM awards matching scholarships and tuition unit grants to eligible third through ninth graders who are enrolled in the Texas Tuition Promise Fund. The foundation encourages families to save for college by supplementing their contributions to the plan. Eligible students can apply between Sept. 1 and Dec. 31. More details can be found at [MatchThePromise.org](#)**

**Residency restrictions, eligibility criteria, household income restrictions and contribution requirements apply.

IMPORTANT LINKS

[Webinar Calendar](#)

[Texas Tuition Promise Fund](#)

[Texas Match the Promise Foundation](#)

[Texas 529 Update Archives](#)



CONTACT US

[TuitionPromise.org](#)

[Email us](#)

Call 800-445-GRAD (4723), option 5

The Texas Tuition Promise Fund® (“Plan”) is administered by the [Texas Prepaid Higher Education Tuition Board](#) (“Board”). Orion Advisor Solutions, Inc. is the manager of the Plan, which is maintained by Catalis Regulatory and Compliance, LLC, who is not affiliated with Orion. The Plan and the Board do not provide legal, financial, or tax advice and you should consult a legal, financial, or tax advisor before participating.

Non-residents of Texas should consider whether their home state, or the beneficiary’s home state, offers its residents any tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for participants in that state’s plan.

Participation in the Plan does not guarantee admission to or graduation from any college or university. Only the purchaser may direct redemptions, withdrawals, changes in beneficiary, or other contract changes.

You may lose money by participating in the Plan. No part of a contract is a deposit or obligation of, or is guaranteed or insured by, the Board, the state of Texas, or any agency or agent thereof. The contracts have not been registered with or approved by the SEC or any state. Purchasers should carefully consider the risks, fees, charges, and expenses associated with contracts, including Plan termination and reduced Transfer or Refund Value. Transfer Value applies to redemptions at Texas private colleges and universities, out-of-state colleges and universities, medical and dental schools, career schools, and registered apprenticeship programs and is the lesser of: (1) the costs the units would cover at a Texas public college or university; or (2) the original purchase price of the units plus or minus the Plan’s net investment earnings or losses on that amount. [Texas Match the Promise Foundation](#)SM scholarships can only be used at Texas public colleges and universities, and any Transfer Value of a Match the Promise Foundation scholarship account cannot be utilized. The [Plan Description and Master Agreement](#) contain this and other information about the Plan and may be obtained by visiting [TuitionPromise.org](#) or calling 800-445-GRAD (4723), option 5. Purchasers should read the Plan Description and Master Agreement, and all other Plan documents carefully before purchasing a contract.

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