

Virginia Association of Student Financial Aid Administrators  
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## At a Glance.....



### The Virginia College Saving Plan (VCSP) is...

- An independent state agency
- An administrator of Internal Revenue Code §529 Qualified Tuition Programs
- The country's largest 529 plan with more than 2 million accounts as of December 31, 2011

### Investment options:

- VPEP<sup>SM</sup>
- VEST<sup>SM</sup>
- CollegeAmerica<sup>®</sup>
- CollegeWealth<sup>®</sup>



## Virginia Prepaid Education Program (VPEP)



VPEP allows families to purchase contracts for future tuition and mandatory fees at Virginia public colleges and universities. Benefits can also be applied at any eligible institution worldwide although full coverage at these institutions is not guaranteed.



### Eligibility

- Purchaser: age 18 or any legal entity
- Beneficiary: 9<sup>th</sup> grade or under
- State Residency Requirement

### Benefits

- Cover future tuition and mandatory fees at Virginia public colleges for normal full-time course load
- May be used at any accredited college eligible to accept federal financial aid worldwide
- Virginia statutory guarantee



## Virginia Prepaid Education Program (VPEP)



### Plan Options

- 1-5 years of University
- 1-3 years of Community College

### Payment Options

- Single, lump sum
- 5-year/60-month (children 7<sup>th</sup> grade and under)
- Extended monthly payment

### Limited Enrollment Period



## Using VPEP Benefits

### For Virginia public schools

- Full coverage of tuition and mandatory fees for normal undergraduate full-time course load (*no coverage of course-specific charges*)

### For Virginia private schools

- Payments + actual rate of return
- Cap = highest Virginia public institution

### For Out-of-State schools

- Payments + reasonable rate of return
- Cap = average Virginia public institution



## Virginia Education Savings Trust (VEST)



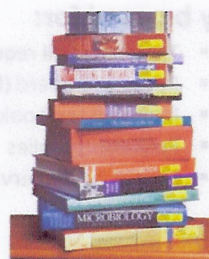
**VEST is a direct-sold savings program offering investment portfolios featuring Vanguard and other mutual funds.**

### Eligibility

- Purchaser: age 18 or any legal entity
- Beneficiary: No age limitations
- No State Residency Requirement

### Benefits

- Choose from numerous portfolios
- No monthly obligation
- Account value fluctuates with the market (no guarantee)



**Enrollment Open Year Round**



## VEST Investment Options



### Age-Based Evolving Portfolios

- Asset allocation based on beneficiary's age
- Shift every 3 years toward 100% stable value
- Not required-recommendation only

### Non-Evolving Portfolios

- Asset allocation remains fixed

**Once per calendar year investment direction change without penalty**



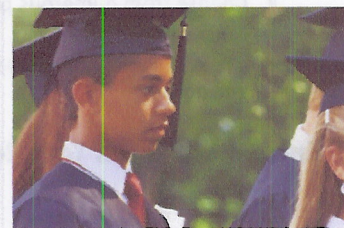
## Using VEST Benefits

### May be used at institutions nationwide worldwide

- Any eligible educational institution (must be accredited and eligible to participate in Federal Financial Aid programs)

### May be used for:

- Tuition and all required fees
- Room and Board (for students enrolled at least half time)
- Required textbooks and equipment
- Required supplies
- Special needs services





## CollegeAmerica®



**CollegeAmerica is a savings program available through financial advisors, offering a wide selection of American Funds portfolios, one of the largest mutual fund families in the country.**

- Broker-sold savings program
- Partnership with American Funds
- Sold exclusively through financial advisers nationwide
- For more information:

Call: 1-800-421-4120

Online: [Americanfunds.com](http://Americanfunds.com)



## CollegeWealth®

**\$ CollegeWealth is an FDIC-insured 529 savings account offered through participating banks, including BB&T and Union First Market.**

- Partnership with participating financial institutions
  - BB&T
  - Union First Market
- FDIC-insured to the maximum amount allowed by law
- No age limits or state residency requirements
- Enrollment open year round





## Tax Advantages



### Virginia State Tax Deduction

- \$4,000 per account per year
- Only for the account owner
- Unlimited carry-forward

### Federal

- Tax-free growth
- Tax-free distributions for qualified higher education expenses
- Favorable gift tax treatment



## Flexibility-Transfers

### Change Account Owner

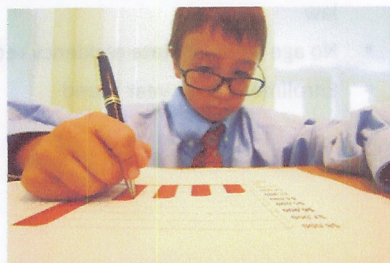
- Only one account owner allowed at a time
- May authorize others to access information

### Change Beneficiary

- Must be a "member of the family" of the beneficiary
- 9<sup>th</sup> grade or under at time of contract purchase (VPEP only)

### Transfer

- Within Virginia's 529 programs
- Another state's 529 program
- Limitations on # of transfers





## Flexibility-Other Options



### Hold on to account

- 10 years from high school graduation or from the date the account was opened (if the beneficiary had already completed high school)
- May request an extension

### Death, Disability or Scholarship

- Earnings taxed as ordinary income
- Exempt from federal penalty
- Can retain state tax benefits

### Cancellation



## Flexibility-Cancellation Refunds

### VPEP

- Owned 3 years or more – contract payments plus interest
- Owned less than 3 years – contract payments

### VEST, CollegeWealth and CollegeAmerica

- Market value of the account

### Implications

- \$25 cancellation fee if applicable
- 10% federal penalty on earnings
- Claim earnings as ordinary income-state and federal
- Add back portion of refund deducted on Virginia state taxes



# Virginia529 College Savings Plan Opening An Account

Go to [Virginia529.com](http://Virginia529.com)

Use Promotional Code

## COLLEGE

for a \$25 application fee waiver. Offer expires 6/30/2012.

Redeemable only for application fee waiver for new online accounts with Virginia Education Savings Trust<sup>SM</sup>  
**NO CASH VALUE**



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# Virginia529 College Savings Plan



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On the web: [Virginia529.com](http://Virginia529.com)

 [Facebook.com/Virginia529](https://www.facebook.com/Virginia529)

 [Twitter.com/VA529](https://twitter.com/VA529)